

**The Public Good and Private Business of the Crow Rate: Prairie Grain Handling and
Transportation Policy**

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Abstract

The Crow rate shaped the Canadian prairies' agricultural settlement yet a highly charged debate over it fostered a sense of western alienation. Originally signed in 1897 the Crowsnest Pass Agreement, more popularly known as the Crow rate, between the federal government and the Canadian Pacific Railway (CPR) regulated freight rates on grain and flour moving from the Canadian prairies to eastern ports. The federal government later extended the regulated rates to cover Canadian National Railway (CNR) and applied the rate regulations to grain and flour movement to the west coast ports. Combined with the highly decentralized network of grain elevator delivery points and railway branch lines, the Crow rate facilitated agricultural settlement in the prairies and minimized transportation costs for farmers in the prairie's export-grain economy. Yet, by the mid-20th century, CNR and CPR argued that regulations on freight rates made their decentralized prairie rail networks uneconomic. The railways lobbied for the removal of the Crow rate to improve business revenues. In contrast, farmers, their organizations, and prairie provincial governments argued for its retention as a public good continuing a long-standing national policy promise to prairie residents.

This dissertation examines the public debate over the Crow rate as part of a larger discussion over changes to prairie agriculture, which also raised concerns about how to safeguard Canada's reputation as a reliable grain exporter on the international stage during the Cold War. This study demonstrates how the debate over the grain handling and transportation system encouraged sentiments of western alienation in the prairies. Through public records, including newspapers and Royal Commissions, this dissertation locates the Crow rate debates within the history of agriculture and transportation policy in post-war Canada. This dissertation moves the scholarship of western Canadian agriculture beyond the historiographical confines of early 20th century western settlement and the railway construction boom.

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Dedication

To all the prairie people who shared their experiences with me.

You showed me there was a story to tell.

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List of Abbreviations

ACC	Alberta Cattle Commission
CCF	Canadian Commonwealth Federation
CGC	Canadian Grain Commission
CNR	Canadian National Railway
CPR	Canadian Pacific Railway
CTC	Canadian Transport Commission
CWB	Canadian Wheat Board
GHTS	Grain Handling and Transportation System
GIS	Geographic Information Systems
GTC	Grain Transportation Committee
HGIS	Historic Geographic Information Systems
ILWU	International Longshoremens and Warehousemens Union
IWA	International Wheat Agreement
LAC	Library and Archives Canada
LIFT	Lower Inventory for Tomorrow
NDP	New Democratic Party
NEP	National Energy Program
NFU	National Farmers Union
NTA	National Transportation Act
PRA	Prairie Rail Authority
PRAC	Prairie Rail Action Committee
PWGA	Palliser Wheat Growers Association
SARM	Saskatchewan Association of Rural Municipalities
SFA	Saskatchewan Federation of Agriculture
SFU	Saskatchewan Farmers Union
SIU	Seafarers International Union of Canada
SWP	Saskatchewan Wheat Pool
UGG	United Grain Growers
USDA	United States Department of Agriculture
WAC	Western Agricultural Conference

WGTA Western Grain Transportation Act
WIT Weyburn Inland Terminal

Chapter One: Introduction

In 1974, the Canadian Wheat Board (CWB) sent a letter to prairie farmers urging them to deliver more wheat, durum, and oats to their local elevator immediately and to prepare for greater demand for barley later that year. The CWB appealed to farmers to deliver grain “to meet our sales contracts and protect this country’s reputation as a dependable grain supplier.”¹ They received a barrage of frustrated replies from farmers across the prairies. George Dyck, who farmed at Invermay, Saskatchewan, wrote back “If you want the grain then see to it that elevators get grain cars. We can’t deliver any grain to a plugged elevator, and no cars in site. But we farmers get the blame for it, it is not us.”² L. J. Goff, of Lipton, Saskatchewan, provided the blunt assessment that the problem rested not with farmers but with the railways who had failed to deliver cars to empty the elevators. He suggested “it’s about time somebody organized the railways so that they could be depended on when you need them.”³ These letters showed that farmers’ pinpointed railways and their movement of grain cars as the problem in the system and did not focus on farmers’ individual problems. However, a letter explaining the individual farmer’s experience came from Harold Wilson’s wife. Given that women’s rights—including the equality of women in farm partnerships—were under debate in 1974 it speaks to the seriousness of the grain movement problem and how it affected the farm that Mrs. Wilson replied to the CWB’s letter.⁴ She wrote admonishingly:

¹ Library and Archives Canada (LAC), Winnipeg, Accession1984-85/488, box 1.

² LAC, Winnipeg, Accession1984-85/488, box 1.

³ LAC, Winnipeg, Accession1984-85/488, box 1.

⁴ The questions of women’s rights were prevalent in prairie farm women’s movements throughout the twentieth century. Women’s rights intersected with the role of women within the business of farming and the power, or lack thereof, women had in the business decisions of farming. A consistent theme in farm women’s activism was the struggle to have their labour recognized as equally important to that of their male counterparts. An early part of this history of farm women’s conversations about their role and rights in relation to the farm was the creation of Homemakers’ Clubs in 1911. Jennifer Milne argues that although they encouraged traditional feminine domesticity, the Clubs also acted as a way for Saskatchewan farm women to “demand recognition for their work, providing both public and private validation that women’s work on the family farm was legitimate and fundamental to the success of western Canadian agriculture.” Jennifer Milne, “Cultivating Domesticity: The Homemakers’ Clubs of Saskatchewan, 1911 to 1961” (M.A. thesis, University of Saskatchewan, 2004), 93. Highlighting how issues that farm women activists focused on have stretched across decades, long-serving feminist farm activist Nettie Wiebe reflects on how her activism rests on and benefits from a long history of farm

We appreciate your concern that grain deliveries are done. However you should know that, in this area at least, it is not by the farmers' choice. Our delivery point is Parkman, Sask. with our alternate point being Kelso, Saskatchewan. As of this date, Feb 16, we have had no opportunity to deliver our grain. Both shipping points have full elevators. If you can keep these elevators empty or with sufficient room we will gladly deliver our grain. Are there any [emphasis in original] empty elevators? If so where? And how many?⁵

women's activism in "Agrarian Feminism in Our Time and Place," *Active History*, 24 January 2017. <http://activehistory.ca/2017/01/agrarian-feminism-in-our-time-and-place/>; See also Carla Roppel, "Embracing Agrarian Feminism: 'The Farm is Mary's and Mine,'" in *Frontline Farmers: How the National Farmers Union Resists Agribusiness and Creates Our New Food Future*, ed. Annette Aurélie Desmarais (Winnipeg: Fernwood Publishing, 2019), 179-197.

When Mrs. Wilson wrote to the CWB in 1974, the 1973 Murdoch Case had pushed the rights of farm women in relation to their stake in the farm business and the unfairness of contemporary matrimonial property law into the popular conscious. The 1973 Murdoch Case tried to settle the question of matrimonial property in relation to farm property disposition during a divorce. Irene Murdoch asked for the value of the work she contributed to the ranch she ran with her husband in Alberta. The federal court ultimately ruled she had done work expected of a farm wife. Doing that expected work did not entitle her to the value she asked for in the divorce. There was substantial outcry at the decision especially from women's groups and farm women's groups. In 1978, the divorce case of Saskatchewanian Helen Rathwell again tested the idea of the wife's share of a farm. This time the court did award her a share of the farm. The two cases and activism around them led to the passing of provincial matrimonial property acts over the next six years that attempted to solve the question of disposition of assets by recognizing spouses as equal partners and thus equally entitled to assets accumulated during the marriage. Saskatchewan's *Matrimonial Property Act* came into force in 1980. It was the first act of its kind in Canada.

Law Reform Commission of Saskatchewan, *The Matrimonial Property Act: Selected Topics Report to the Minister* (Regina: Law Reform Commission of Saskatchewan, 1996), <https://lawreformcommission.sk.ca/Matrimonial3.pdf>; Rathwell v. Rathwell, [1978] 2 S.C.R. 436, <https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/2591/index.do>; Murdoch v. Murdoch, [1975] 1 S.C.R. 423, <https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/5346/index.do>.

For greater discussion of the reaction to the Murdoch case and prairie farm women see: Pernille Jakobsen, "Murdoch V. Murdoch: Feminist, Property, and the Prairie Farm in the 1970s," in *Place and Replace: Essays on Western Canada*, eds. Adele Perry, Esyllt W. Jones, and Leah Morton (Winnipeg: University of Manitoba Press, 2013), 40-58; Susan Machum, "A Rural Women's Impact on Canadian Feminist Practice and Theory," in *Feminisms and Ruralities*, eds. Barbara Pini, Berit Brandth, and Jo Little (New York: Lexington Books, 2015), 31-41.

⁵ LAC, Winnipeg, Accession1984-85/488, box 1.

Farmers recognized the grain handling companies, both the farmer-owned Wheat Pools and private elevator companies, as being at the mercy of the railways. As the last question in Mrs. Wilson's letter shows, she and her husband were prepared to move their grain beyond their local delivery points if only there was an elevator with space to receive it. As many letter writers pointed out, the problem was not with the local supply or delivery of grain, but lay instead with the movement of grain by rail out of the prairies to deep water ports.

Prairie farmers took particular aim at the Canadian Pacific Railway (CPR) and Canadian National Railway (CNR) companies for providing what they viewed as inadequate service at high costs. The result of this inadequate service, farmers argued, was the breakdown of the entire grain handling system from their local elevators to deep water ports. When the railways did not move grain from local elevators efficiently it did not arrive at deep water ports in a timely manner. Ships waited at port for grain to arrive while farmers waited for their local elevators to become empty of grain so that they could then deliver more grain. Thus, problems with rail service meant the grain grown in the land-locked prairies did not move through the handling and transportation system in a timely and efficient manner.

During the late 1890s prairie settlers felt exploited by the combination of the Canadian Pacific's high freight rates and the high tariffs in the Dominion government's national policy. In an effort to mitigate the growing political unrest in the prairies caused by these economic conditions, the federal government negotiated a reduction in freight rates as part of its agreement with the Canadian Pacific to provide financing for its construction of a line through the Crowsnest Pass into British Columbia. This financing agreement was the 1897 Crowsnest Pass Agreement that included a clause controlling freight rates by setting a maximum for grain and flour moving out of the prairies to eastern ports.⁶ As the Agreement's control of these freight rates settled into the fabric of the prairie grain transportation system, its name shortened to the

⁶ The agreement's name sometimes appears as Crow's Nest Pass Agreement. For details of the negotiations resulting in the Crowsnest Pass Agreement see Ken Cruikshank, *Close Ties: Railways, Government and the Board of Railway Commissioners, 1851 -1933* (Montreal: McGill-Queen's University Press, 1991), 40-43.

Canada. Agreement Between Her Majesty the Queen and the Canadian Pacific Railway Company Re: Subsidies to construct a railway from Lethbridge in the Territory of Alberta through the Crow's Nest Pass to Nelson, B.C. (Ottawa: Queen's Printer, 6 September 1897).

Crow rate, the statutory rate, or simply the Crow.⁷ The federal government later extended the rate to cover traffic moving on Canadian National Railway lines and grain and grain products moving to Pacific coast ports and the northern port of Churchill.⁸ The changes effectively meant the Crow rate covered the movement of grain by either major railway to any Canadian port. The CPR and CNR railway networks with their freight rates limited by the Crow rate combined with the three Prairie Wheat Pools and the Canadian Wheat Board created a grain handling and transportation system that minimized transportation costs for prairie farmers. Yet, by the time the CWB asked farmers to deliver more grain, there was an increasingly divisive debate over the structure of this system.

The debate during the 1960s and 1970s over the structure of the grain handling and transportation system (GHTS) between farmers, their organizations, and the railways provides a new window into a wider history of Canadian nationalism, regional alienation, and the increasing prioritizing of private business in government policy.⁹ Changes to the grain handling and transportation system did not have consequences for only the direct movement of grain and its cost. The tightly integrated nature of the Canadian export grain sector meant that any change to the system had the potential to affect, in various ways, every other element of the grain trade, from individual farmers to international markets. This dissertation focuses on the polarized debate over grain handling and transportation during the 1960s and 1970s, which influenced broader Canadian political changes on both the national and international stages. The divisive debate created new aspects of western alienation reflected not only in prairie agriculture but in the socio-political structure of western Canada in later decades.

⁷ Rate is sometimes pluralized reflecting its regulation of freight rates to multiple destinations.

⁸ For a detailed discussion of these changes see Cruikshank, *Close Ties*, 156-178; E. P. Reid, "Statutory Grain Rates," in Royal Commission on Transportation [MacPherson], *Royal Commission on Transportation*, Chief Commissioner Murdoch MacPherson, vol. 3, (Ottawa: Queen's Printer, 1962), 373-374, 378.

⁹ The majority of literature especially in economics and transportation policy uses the acronym GHTS for the grain handling and transportation system. In an effort to provide readability this dissertation avoids using GHTS and instead uses grain handling and transportation system, grain handling system, handling system, grain transportation system, or transportation system depending on if the focus is on the elevator or rail aspect of the system.

Historical Context

The marketing of grain, though deeply important to prairie Canada, was only one part of a much broader shift in Canada's understanding of itself and its place on the international stage during the post Second World War period. Related to grain marketing was the question of how to feed the growing world population. By the 1960s food security had become a global challenge. Finding a solution to this problem meant that, as historian Allison Bashford argues, governments and non-governmental organizations devoted considerable resources to questions related to the production and control of food.¹⁰ In 1968, the publication of Paul Ehrlich's *The Population Bomb* brought this issue into popular consciousness although as Bashford notes concerns over world population and food security were on the agenda of international organizations decades earlier.¹¹ Ehrlich's book presented a Malthusian view point where an increasing global population would result in famine and other social chaos.¹² The book's main message suggested that a rising population faced the threat of famine due to agriculture's inability to meet rising food demands. The book received reinforcement from the Club of Rome's report *The Limits to Growth*.¹³ *The Population Bomb* resonated with readers around the world, historian Matthew Connelly argues, because it "asked [readers] to imagine themselves as part of a poor, overcrowded society."¹⁴ *The Population Bomb* and *The Limits to Growth* were best-sellers in the US and Canada as well as many other countries.¹⁵

¹⁰ Alison Bashford, *Global Population: History, Geopolitics and Life on Earth* (New York: Columbia University Press, 2014), 210.

¹¹ Bashford, *Global Population*; Alison Bashford, "Population, Geopolitics, and International Organizations in the Mid Twentieth Century," *Journal of World History* 19, no. 3 (2008): 327-347.

¹² Paul Ehrlich, *The Population Bomb* (New York: Ballantine Books, 1968).

¹³ Mary Sisson, "Population Growth and Consumption," in *The Atlas of U.S. and Canadian Environmental History* ed. Char Miller (New York: Routledge, 2003), 145.

¹⁴ Matthew Connelly, "To inherit the Earth. Imagining world population, from the yellow peril to the population bomb," *Journal of Global History* 1, no. 3 (2006): 317.

¹⁵ Direct references to *The Population Bomb* appear several times in Hansard. For example, see the introduction of University of Toronto zoology professor R. C. Plowright as "the Canadian equivalent of Dr. Paul R. Ehrlich." Canada, *Minutes of Proceedings and Evidence of the Special Committee on Environmental Pollution*, 1:10 27 October 1970 28th Parl, 3rd Sess, 1970; or the discussion of around rising population and food production in relation to health during the Standing Committee on Health and Welfare's examination of birth control legislation and the criminal code. 19 April 1966, 244. Canada, House of Commons Standing Committee on Health and Welfare, *Minutes of Proceedings and Evidence* 19 April 1966, 27th Parl, 1st Sess.

The concern over agricultural production resonated with Canadian farmers where poor weather limited harvests and public-plant breeding focused on improving agricultural crops both in terms of hardiness and yield.¹⁶ Indeed, policy makers and farmers suggested Canadian agriculture was one of the solutions to the global food crisis. The Alberta Department of Agriculture had warned members of the federal Agriculture, Forestry and Rural Development Committee that low grain prices might cause “resources [to be diverted] into some uses other than grain production which may impede Canada’s ability to significantly contribute to helping feed the world.”¹⁷ The struggle to find markets for Canada’s increasing grain production caused the frustrated Board of Grain Commissioners to point out “[w]e are constantly bombarded with statements about the world population explosion and with projections of the greatly expanding need for cereals to ‘feed the starving masses of world’ ... the only problem has been that these ‘ready markets’ have not been in a position to pay for the wheat.”¹⁸ This statement clearly illustrated one of the long term issues faced by prairie farmers – and by extension their federal and provincial governments – the problem of oversupply creating and maintaining depressed grain prices combined within the context of a lack of markets that could purchase grain using hard currency. Canadian farmers had the production capacity to answer the global food crises, if the transportation system could efficiently move grain to those markets and the grain prices offered by those markets were high enough to incentivise grain production.

Canadian politicians, especially at the federal level, seized this opportunity to use Canadian grain as proof of Canada’s rising status on the international stage. Securing new

¹⁶ See A. E. Slinkard and Douglas Knott eds., *Harvest of Gold: The History of Field Crop Breeding in Canada* (Saskatoon: Extension Press University of Saskatchewan, 1995); T. H. Anstey, *One Hundred Harvests: Research Branch, Agriculture Canada, 1886-1986* (Ottawa: Agriculture Canada Research Branch, 1986).

¹⁷ Canada, Standing Committee on Agriculture, Forestry and Rural Development, *Minutes of Proceedings and Evidence*, no. 28, 7 February 1967, 27th Parl, 1st Sess, 1966-1967, p. 1056.

¹⁸ The Board of Grain Commissioners was renamed the Canadian Grain Commission in 1971. The Federal government established the Board of Grain Commissioners in 1912 to administer the Canada Grain Act in the interests of farmers. It acts as a neutral party to settle disputes between farmers and grain handlers and buyers. For a history of the organization see J. Blanchard, *A History of the Canadian Grain Commission*, (Ottawa: Minister of Supply and Services Canada, 1987). Board of Grain Commissioners for Canada, “Canadian Outlook 1967,” in Canada, Standing Committee on Agriculture, Forestry and Rural Development *Minutes of Proceedings and Evidence*, no. 28, 10 February 1967, 27th Parl, 1st Sess, 1966-1967, p.1530.

markets for Canadian grain was part of how Canadian politicians were working to reshape Canada's international image to that of an independent country throughout the 1960s. The 1964 Flag Debate was emblematic of this reshaping of the country as an independent nation, as a national flag visually asserted Canada's independence by removing the obviously British symbols.¹⁹ Indeed, Canadian federal policy aimed to re-imagine Canada as a peace-keeper, encouraged by Lester Pearson's 1957 Nobel Prize win and the breadbasket not just for the British Empire but for the world.²⁰

Export grain sales were one way that Canada was reframing itself as an independent nation. The CWB's letter to producers provides a glimpse into the re-orientation of its sales efforts in the international grain trade beyond its traditional customers in the United Kingdom and Europe, to a global network that included the Soviet Union and China, nations with large populations that experienced repeated food crisis throughout the 1950s and 1960s.²¹ The CWB had appealed directly to farmers to help fulfill its international sales but farmers pointed out the largest impediment was not their willingness to deliver grain but rather the grain transportation provided by the railway companies. The farmers, railways, grain elevators, port terminals, and the CWB were all part of the complex grain handling and transportation system designed to get grain from prairie farms to international customers.

The Canadian Wheat Board was the legal sales agent for all the wheat, barley, and oats grown by prairie farmers. This status meant that it was the single point of contact, known as a

¹⁹ C. P. Champion, "A Very British Coup: Canadianism, Quebec, and Ethnicity in the Flag Debate, 1964 – 1965," *Journal of Canadian Studies* 40, no. 3 (2006): 69.

²⁰ For a discussion of Canada's role in peace keeping see Adam Montgomery, *The Invisible Injured: Psychological Trauma in the Canadian Military from the First World War to Afghanistan* (Montreal: McGill-Queen's, 2017).

²¹ Aaron Hale-Dorrell, "The Soviet Union, the United States, and Industrial Agriculture," *Journal of World History* 26, no. 2 (2015): 295-324; Xin Meng, Nancy Quian, and Pierre Yared, "The Institutional Causes of China's Great Famine, 1959-1961," *Review of Economic Studies* 82, no. 4 (2015): 1568-1611; Anthony Garnaut, "The Geography of the Great Leap Famine," *Modern China* 40, no. 3 (2014): 315-348; Jean S. Kang, "Food for Communist China: A U.S. Policy Dilemma, 1961-1963," *Journal of American-East Asian Relations* 7, no. 1-2 (1998): 39-72; Vaclav Smil, "China's Great Famine: 40 Years Later," *British Medical Journal* 319, no. 7225 (1999): 1619-1621; Lester Brown, "The U.S.-Soviet Food Connection," *Challenge* 25, no. 6 (1983): 40-49; Basil Martschenko, "Trade with the U.S.S.R.," *Slavic and East-European Studies* 5, no. 1-2 (1960): 80-86.

single-desk, for buyers of prairie grain. As a single-desk it could negotiate on behalf of western Canadian farmers, which made it an influential player in international markets. The CWB's mandate was to get the best possible price for farmers. Since prairie farmers annually produced more grain than all of Canada could possibly consume, the CWB focused on export grain sales. The international grain market was highly competitive so any disruption in grain movement had the potential to negatively impact sales. For prairie grain to reach these international customers, railways had to move it to deep-water ports located outside of the grain-growing areas, which required efficient rail transport. Prairie farmers had traditionally supported the Canadian Wheat Board. The federal government created it under heavy pressure from grass-roots agrarian organizations who advocated for a single-desk sales agent to market prairie farmers' grain. Those same agrarian organizations had also created the grain handling cooperatives – the Alberta, Saskatchewan, and Manitoba Wheat Pools – that managed the majority of the prairie grain crop moving it from their local elevators into railway cars that carried it through the transportation networks to terminals at deep-water ports.



Figure 1.1 Grain ports and prairie provinces in Canada²²

The CWB’s emphasis in its letter on safeguarding their reputation for dependability by fulfilling contracts directly relates to how important it was for Canada to retain its place in the international grain trade. Due to the fact that grain is an inelastic commodity, in that demand for it is relatively static since only so much grain can be consumed during a given time period, the trade had always been competitive but the growing stocks of surplus grain in exporting nations made it even more so as the governments of these nations looked for ways to gain greater market share for their farmers. Gaining market share had been somewhat hampered by the 1949 International Wheat Agreement (IWA) and its successive re-negotiated renewals (1953, 1956, 1959, 1962, 1965, 1966) that were designed to provide stability for both grain prices and

²² These ports include both terminal and transfer elevators. The Canada Grain Act defines elevator types. The main function of a terminal elevator is for “receiving of grain on or after the official inspection and official weighing of the grain and the cleaning, storing and treating of the grain before it is moved forward.” A transfer elevator is mainly used for “the transfer of grain that has been officially inspected and officially weighed at another elevator.” Canada Grain Act (1970-71-72, c. 7, s. 1) R.S.C., 1985, c. G-10, Section 2.

Created using data from Board of Grain Commissioners for Canada, “Export Clearances of Canadian Grain to Overseas Destinations by Port of Clearance, Crop Year 1968-69,” in *Canadian Grain Exports: Crop Year 1968-69* (Ottawa: Queen’s Printer, 1969), 19; Canadian Grain Commission, *Grain Elevators in Canada* (Winnipeg: Canadian Grain Commission, 1998), 74-77.

markets.²³ This stability was especially necessary for exporting nations, like Canada, to avoid the boom-and-bust nature of agricultural commodity prices that created “overproduction – falling pricings – falling [farm] income.”²⁴ By the late 1960s, however, signatory countries to the International Wheat Agreement were increasingly ignoring its pricing restrictions in favour of attempting to gain market access thus making the Agreement dysfunctional when it came to realizing its goal of regulating the international grain price.

The breakdown of the IWA in the 1960s was another factor that concerned the CWB. By the 1960s, many of the exporting nations that were signatories to the IWA were selling grain below the agreed upon minimum prices. The cut-rate prices resulted from an effort to draw down national stocks of grain created by swelling agricultural production, and thereby increase the incomes of farmers through greater sales volumes. The CWB attempted to adhere to the IWA minimums, which meant Canadian farmers received a higher price but their grain was more expensive on the international stage. Prairie farmers, whose production was outpacing the available markets, could see grain accumulating in storage to the point where it was “painfully visible” according to C. F. Wilson a long-serving member of the Federal Department of Trade’s grain division.²⁵ Since the CWB was unwilling to offer cut-rate grain prices it tried instead to position itself as dependable supplier. Providing a dependable supply meant Canadian grain had the potential to help solve the crisis of famine. However, fulfilling that role required that grain could consistently move from the farm gate through the elevator system onto trains for delivery to the ports in a timely and effective manner. According to the farmers’ letters, it was grain transportation which presented a hurdle to this approach not their ability to produce. Their correspondence also hints that farmers felt powerless to resolve these transportation problems.

An important change in the Canadian grain trade occurred when it gained access to markets in the Soviet Union and China. Canada, through the Department of Trade working with

²³ Ralph Olson, “The International Wheat Agreement,” *Southwestern Social Science Quarterly* 32, no. 1 (1951), 41.

²⁴ Dwight Hadwiger, *Federal Wheat Commodity Programs* (Ames: Iowa State University Press, 1970) quoted in Colleen M. O’Connor, “Going Against the Grain: The Regulation of the International Wheat Trade from 1933 to the 1980 Soviet Grain Embargo,” *Boston College International and Comparative Law Review* 5, no. 1 (1982): 239.

²⁵ C. F. Wilson, *C. D. Howe: An Optimist’s Response to a Surfeit of Grain* (Ottawa: Grains Group, 1980), 53, 55.

the CWB, first sought access to these markets in the 1950s. Their efforts to enter markets in communist countries show how federal policy viewed Canadian grain first as a commercially marketed product rather than as a political instrument.²⁶ Yet grain trading is inherently political. Due to the Cold War, the Soviet markets were not accessible to American grain so this market was one in which Canada did not have American competition unlike in the Japanese market where the US offered lower prices to increase its market share.²⁷ The Soviet grain purchase agreement was part of a most favoured nation treaty between Canada and the USSR signed 29 February 1956.²⁸ By trading with the Communist USSR, Canada was asserting its place on the international stage as an independent country through its cultivation of non-Commonwealth markets.²⁹

Prairie farmers supported cultivating markets outside the Commonwealth as they had already experienced problems with sales to Britain through the 1946 Canada-UK Wheat Agreement. The Agreement reinforced the feeling that Britain treated Canada not as an equal but as a dependent colonial subject.³⁰ The problem was the prices in the Agreement were lower than the world grain prices. The Agreement contained a vague clause suggesting “the United Kingdom Government will have regard to any difference between the [Agreement’s] prices ... and the world prices.”³¹ The vague wording meant there was no requirement for Britain to adjust its payments despite rising world prices. As a result, when the Agreement failed to deliver the anticipated prices, it angered prairie farmers who suffered financially while Britain bought their

²⁶ Wilson, *C. D. Howe*, 422-425.

²⁷ O’Connor, “Going Against the Grain,” 245; Greg Donaghy and Michael D. Stevenson, “The Limits of Alliance: Cold War Solidarity and Canadian Wheat Exports to China, 1950-1963,” *Agricultural History* 83, no. 1 (2009): 33.

²⁸ A detailed account of the negotiations appears in Wilson, *C. D. Howe*, 437-447.

²⁹ For discussion of Canadian trade with communist regimes, see: R. L. Kristjanson, “Problems and Prospects of Canadian Wheat Sales to China and the USSR,” *Journal of Farm Economics* 49, no. 5 (1967): 1345-1351; Angela Graham, “A Colossus and A Conundrum: Canada the United States, and Canadian China Policy, 1942-1970” (PhD diss., McMaster University, 2007); Donaghy and Stevenson, “The Limits of Alliance,” 29-50; Jason Zorbas, *Diefenbaker and Latin America: The Pursuit of Canadian Autonomy* (Cambridge: Cambridge Scholars Publishing, 2011).

³⁰ Hector Mackenzie, “Chaff With the Wheat: The Anglo-Canadian Wheat Contract of 1946 in its North Atlantic Setting,” *Journal of Transatlantic Studies* 6, no. 1 (2008): 36.

³¹ Canada-UK Wheat Agreement quoted in C. F. Wilson, *A Century of Canadian Grain: Government Policy to 1951*, (Saskatoon: Western Producer Prairie Books, 1978), 859.

grain below market price. Although the agreement provided a market for the vast majority of Canada's wheat it was not "in line with the general desire to promote broad international trade"³² according to the head of the Canadian Wheat Board George McIvor since it continued Canada's focus on the British market. The dissatisfaction with the Canada-UK Wheat Agreement spurred Canadian farmers and politicians to search for other markets willing to pay fair prices for Canadian grain thereby reducing their dependence on sales to Britain.

Although both Canadian Prime Ministers John G. Diefenbaker and Lester Pearson had promoted the welfare state during this period, the ideas of the place of the state were also changing during this period. In part, the place of the state reflected the conceptualization of how the state could best act for the public good. So, while the state delivered the public good through programs and regulation, the policies that shaped them shifted over time as the conceptualization of *how* to provide the public good shifted. One approach to delivering the public good was for the state to be an active participant in the lives of its citizens through regulation and state run programs, which increasing urbanization in Canada made easier.³³ As Tina Loo documents, from the 1950s through 1970s state bureaucrats relocated people from areas the state considered marginal with the intention that their relocation would bring them to "better social services and economic opportunities" but the people shifted did not experience the optimistic outcomes envisioned by the architects of their relocation.³⁴ By the 1970s, there was growing concern over rising government deficits at both the federal and provincial levels and general public discourse reflected this concern. Indeed, this concern ushered in a long period of reform to programs of the welfare state in an effort to improve delivery and focus social spending in a way that created

³² Canada-UK Wheat Agreement quoted in Wilson, *A Century of Canadian Grain*, 865.

³³ For a discussion of urbanization in the Canadian prairies see Royden Loewen and Gerald Friesen, *Immigrants in Prairies Cities: Ethnic Diversity in Twentieth-Century Canada* (Toronto: University of Toronto Press, 2009). This heavy government involvement in organizing its citizens and land is described as high modernism a concept that James C. Scott developed in *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998). Tina Loo examines the use of Scott's high modernist concept in Canadian historical scholars and uses this scholarship to in turn critique Scott's conceptualization of high modernism. Tina Loo, "High Modernism, Conflict, and the Nature of Change in Canada: A Look at *Seeing Like a State*," *Canadian Historical Review* 97, no. 1 (2016): 34-58.

³⁴ Tina Loo, *Moved by the State: Forced Relocation and Making a Good Life in Postwar Canada*, (Vancouver: UBC Press, 2019), 3.

universal access, over selectively targeting only those who needed them.³⁵ Beyond the policies and programs of the welfare state, Janet Smith, formerly the Deputy Minister in the federal Office of Privatisation and Regulatory Affairs, explains that concern over government spending brought increasing awareness to the cost of operating crown corporations and thus provided some of the impetus for reducing their services or privatizing them; preventing competition between government and private business was another factor.³⁶ Sociologist William Carroll argues that the Liberal government under Pierre Trudeau began to shift government policy to reflect neoliberal influences.³⁷ Neoliberal policies combined deregulation of economic markets with the ideal that these unregulated markets would produce positive results as defined through economic measures such as a country's gross domestic product. To produce these positive results, neoliberal theory recommended wide-spread commodification and privatization, including of publicly owned or funded services.³⁸ Economist James K. Galbraith notes that a neoliberal approach emphasizes that "policymakers should go for growth ... and the fostering of technological change."³⁹ While this dissertation does not focus on neoliberalism *per se* the tensions between public good and private profit in the grain transportation debates hint at some of the neoliberal roots that more directly drove political decisions to deregulate the national economy in the 1980s.⁴⁰ For example, Canadian National Railway was a crown corporation at

³⁵ Some examples of scholarship on the Canadian welfare state are Raymond Blake, *From Rights to Needs: A History of Family Allowances in Canada, 1929-92* (Vancouver: UBC Press, 2009); James Struthers, *The Limits of Affluence: Welfare in Ontario, 1920-1970* (Toronto: University of Toronto Press, 1994).

³⁶ Smith, "Canada's Privatization Program," 41.

³⁷ William K. Carroll, "Neoliberalism and the Recomposition of Finance Capital in Canada," *Capital & Class* 13, no. 2 (July 1989): 88.

³⁸ Raewyn Connell, "Understanding Neoliberalism," in *Neoliberalism and Everyday Life* eds. Susan Braedley and Meg Luxton (Montreal: McGill-Queen's University Press, 2010), 23; John Bone, "The Deregulation Ethic and the Conscience of Capitalism: How the Neoliberal 'Free Market' Model Undermines Rationality and Moral Conduct," *Globalizations* 9, no. 5 (2012): 651-665; Teppo Eskelinen, "Neoliberalism," in *Encyclopedia of Global Justice*, ed. Deen K. Chatterjee (Dordrecht: Springer, 2011) 751-752; Philipp Lepenies, *The Power of a Single Number: A Political History of GDP*, trans. Jeremy Gaines (New York: Columbia University Press, 2016).

³⁹ James K. Galbraith, "A Perfect Crime: Inequality in the Age of Globalization," *Daedalus* 131, no. 1 (2002): 14.

⁴⁰ For broader discussion of neoliberal policies see: Thomas I. Palley, "From Keynesianism to Neoliberalism: Shifting Paradigms in Economics," in *Neoliberalism: A Critical Reader*, eds. Alfredo Saad-Filho and Deborah Johnston (London: Pluto Press, 2005): 20-29;

the time so debate over its grain movement highlighted how the various parties involved understood its profits and services compared to those of privately-owned Canadian Pacific Railway.⁴¹ To a lesser degree, the Canadian Wheat Board, as a quasi-government organization, was also under scrutiny over its involvement in the logistical organization of grain transportation. Thus, the policy shift Carroll highlights is relevant background for this dissertation. The debates over grain handling and transportation illuminate tensions between prioritizing the public good as regulated by government and focusing on the freedom of business to pursue profit as a competing conceptualization of what is good for the public. Moreover, examining debates over the Crow Rate reveal different perspectives on the public good, depending on regional and national positions.

Alfredo Saad-Filho and Deborah Johnston, *Neoliberalism: A Critical Reader* (London: Pluto Press, 2005); Susan Braedley and Meg Luxton eds. *Neoliberalism and Everyday Life*, (Montreal: McGill-Queen's University Press, 2010); Jonathan Swartz, *Constructing Neoliberalism: Economic Transformation in Anglo-American Democracies* (Toronto: University of Toronto Press, 2013); David M. Kotz, *The Rise and Fall of Neoliberal Capitalism* (Cambridge: Harvard University Press, 2015); Sirvan Karimi, "Welfare State Restructuring and Neoliberal Variations in Canada and Australia," in *Beyond the Welfare State: Postwar Social Settlement and Public Pension Policy in Canada and Australia* (Toronto: University of Toronto Press, 2017), 140-160.

⁴¹ Claude Laurin and Yves Bozec, "Privatization and Productivity Improvement: The Case of Canadian National," *Transportation Research* 37, no. 5 (2001): 355-374.

The neoliberal shift with its emphasis on evaluating public services with a private for-profit business model appears most obviously in the concern over the cost of providing passenger services to low traffic regions and the creation of VIA Rail to address this issue. J. Lukaszewicz, "Public Policy and Technology: Passenger Rail in Canada as an Issue in Modernization," *Canadian Public Policy* 5, no. 4 (1979): 518-532.

Changes to grain handling and transportation are also a story of regionalism, as export grain was not only a significant piece of the prairie provincial economy but deeply embedded into the social fabric of the provinces. Despite these deep rural roots, Saskatchewan was not an exception to the increasing urbanization of the Canadian population (Figure 1.2).

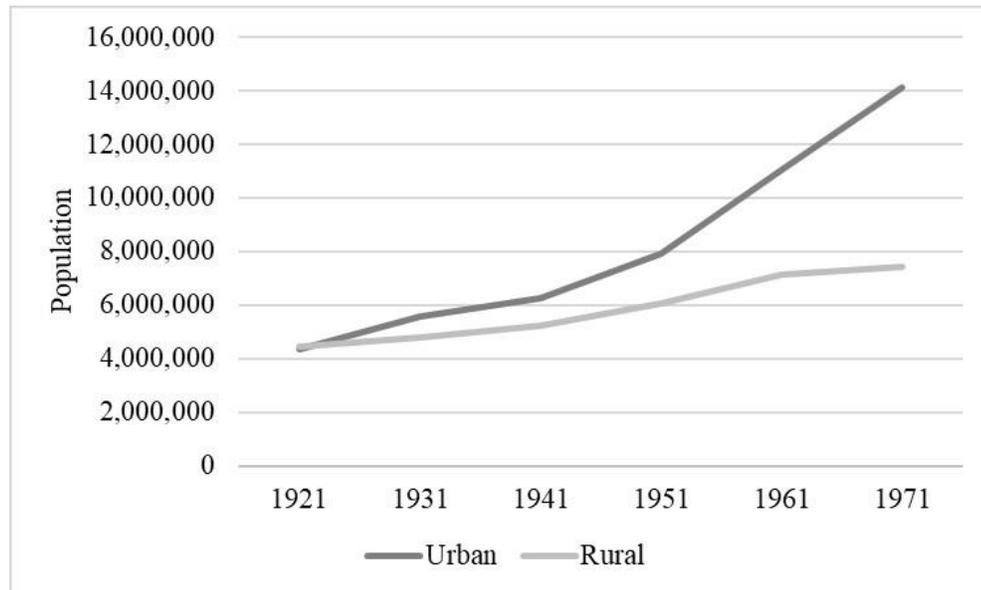


Figure 1.2 Urban and rural population in Canada, 1921-1971⁴²

⁴² Created using Statistics Canada, “Table A67-69: Population, rural and urban, census dates, 1871 to 1976,” *Historical Statistics of Canada*, <https://www150.statcan.gc.ca/n1/pub/11-516-x/sectiona/4147436-eng.htm#1>

As increasing mechanization meant that farms required less labour and encouraged increasing farm size, the steadily declining number of farms (Figure 1.3) reflected growing rural depopulation.⁴³

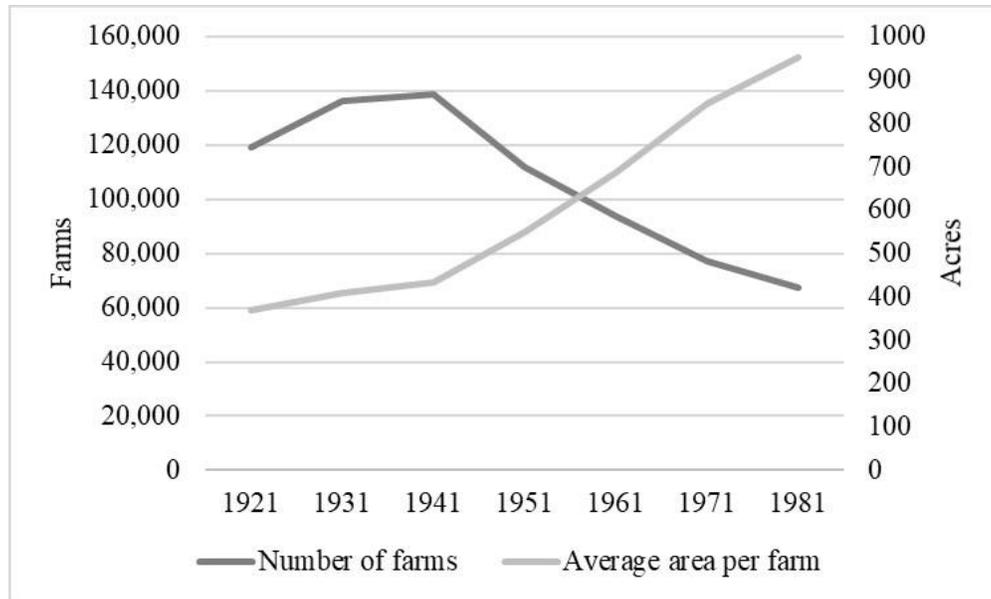


Figure 1.3 Number of farms in Saskatchewan and average area, 1921-1981⁴⁴

In 1952, the growing changes in Saskatchewan’s rural landscape resulted in the Cooperative Commonwealth Federation (CCF) government striking the Royal Commission on Agriculture and Rural Life to investigate not only what had happened but also to make

⁴³ Joan Champ, *The March of Mechanization on Saskatchewan Farms During the Second World War*. Report prepared for Saskatchewan Western Development Museum (2 May 2002), https://wdm.ca/wp-content/uploads/2018/08/WDM-Marchof-MechanizationWWII_TeacherGuide.pdf; Tony Ward, “Farming Technology and Crop Area on Early Prairie Farms,” *Prairie Forum* 20, no. 1 (1995): 19-36; Cecilia Danysk, *Hired Hands: Labour and the Development of Prairie Agriculture, 1880-1930* (Toronto: McClelland and Stewart, 1995); William J. Carlyle, “Rural population Change on the Canadian Prairies,” *Great Plains Research* 4, no. 1 (1994): 65-87; William J. Carlyle, “Farm Population in the Canadian Parkland,” *Geographical Review* 79, no. 1 (1989): 13-351; R. Bruce Shepard, “Tractors and Combines in the Second Stage of Agricultural Mechanization on the Canadian Plains,” *Prairie Forum* 11, no. 2 (1986): 253-271; Robert Ankli, H. Dan Helsberg, and John Herd Thompson, “The Adoption of the Gasoline Tractor in Western Canada,” in *Canadian Papers in Rural History*, Vol. 2, ed. Donald H. Akenson (Gananoque: Langdale Press, 1980), 9-39.

⁴⁴ Created using Statistics Canada, “Table 32-10-0152-01: Number and area of farms and farmland area by tenure, historical,” <https://www150.statcan.gc.ca/t1/tb11/en/tv.action?pid=3210015201>

recommendations for the future of Saskatchewan's rural and agricultural areas.⁴⁵ As Jennifer Milne notes "the commissioners understood that *rural life* [emphasis original] was inextricably tied to agriculture."⁴⁶ Thus, this Royal Commission found that changes in agriculture directly affected rural communities as the depopulation of rural areas "destroy[ed] whole rural communities and forc[ed] those left behind to integrate themselves in new communities."⁴⁷ The Saskatchewan farmers, community members, and organizations appearing before the commission emphasized the importance of a successful farming sector and provided solutions that would not only support agriculture but reverse the negative effects of rural depopulation so that rural communities and farmers continued to be a vital part of the social and economic fabric of Saskatchewan.

In earlier decades the provinces of Alberta and Saskatchewan had asserted themselves by demanding control of their natural resources.⁴⁸ Local rural grassroots movements grew into political parties, notably the Progressive Party, Social Credit, and CCF, which successfully elected both MPs and MLAs who advanced prairie issues.⁴⁹ Despite, the rise of agrarian organizations in Saskatchewan the Liberal party dominated provincial politics, which meant there was a comparatively harmonious relationship between the provincial government and its

⁴⁵Saskatchewan. Royal Commission on Agriculture and Rural Life. Chair W. B. Baker. 14 vols. (Regina: Government of Saskatchewan, 1955-1957). For examinations of the Royal Commission on Agriculture and Rural Life see Wyatt Skovron, "A People's Commission?: High Modernism, Direct Democracy, and the Royal Commission on Agriculture and Rural Life, 1952-1957" (M.A. thesis, Simon Fraser University, 2011); Jennifer Milne, "Cultivating Domesticity: The Homemakers' Clubs of Saskatchewan, 1911 to 1961" (M.A. thesis, University of Saskatchewan, 2004); Paula Rein, "These Changing Conditions: A Study of the Saskatchewan Royal Commission on Agriculture and Rural Life (M.A. thesis, University of Regina, 1994).

⁴⁶ Milne, "Cultivating Domesticity," 79. Milne highlights how the women of the Saskatchewan Homemakers' Clubs were actively involved in presenting briefs to the Commission and looked on it as a way to make women's experiences in rural areas heard by the provincial government through the Royal Commission on Agriculture and Rural Life. Milne, "Cultivating Domesticity," 78-82.

⁴⁷ Enno Kruse, "Royal Commissions as Instruments of Policy-Making in Saskatchewan: The Royal Commission on Agriculture and Rural Life: A Case Study," (M.A. thesis, University of Saskatchewan, 1989), 25.

⁴⁸ Chester Martin, "*Dominion Lands*" Policy, ed. Lewis H. Thomas (Toronto: the Macmillan Company of Canada Ltd., [1938] 1973).

⁴⁹ W. L. Morton, *The Progressive Party in Canada* (Toronto: University of Toronto Press, 1950); J. E. Rea, *T. A. Crerar: A Political Life* (Montreal: McGill-Queen's, 1997)

federal counterpart.⁵⁰ The election of the Cooperative Commonwealth Federation in 1944 changed that relationship with the CCF winning a majority and the incumbent Liberal party retaining only 5 of its 38 seats. One of the CCF's most ambitious plans was the introduction of a provincially-funded public medical system.⁵¹ Following a bitter strike by Saskatchewan's doctors to prevent its introduction, the program became a resounding success demonstrating to the rest of Canada that it was possible to have a not-for-profit publicly-funded medical system. This success put strong pressure on the federal government to follow the Saskatchewan example. In an effort to appease public pressure, the federal government struck the Royal Commission on Health Services to investigate various health care systems including Saskatchewan's newly introduced plan. The Saskatchewan conservative loyalist Justice Emmett Hall chaired the commission, which recommended implementing a national health care policy, essentially putting the federal government in a position of having to follow a provincial idea.⁵² CCF government initiatives established Saskatchewan as a strong regional presence within confederation. At the same time, support for provincial and federal Liberal candidates dwindled with each passing election as prairie voters in Saskatchewan elected a growing number of Progressive Conservative and CCF, later New Democrat, candidates to represent them.⁵³

⁵⁰ David Smith, *Prairie Liberalism: The Liberal Party in Saskatchewan 1905-1971* (Toronto: University of Toronto Press, 1975).

⁵¹ A. W. Johnson, *Dream No Little Dream: A Biography of the Douglas Government of Saskatchewan* (Toronto: University of Toronto Press, 2004).

⁵² Gregory Marchildon, eds., *Making Medicare: New Perspectives on the History of Medicare in Canada* (Toronto: University of Toronto Press, 2012); E. A. Tollefson, *Bitter Medicine: the Saskatchewan Medicare Feud* (Saskatoon: Modern Press, 1964).

⁵³ The Liberal Party governed Saskatchewan uninterrupted between 1905 and 1944 save for its defeat by the Conservatives in the 1929 provincial election. It returned to power in 1934. After its 1944 defeat by the CCF the Liberal party did not form a provincial government until 1964 under the leadership of Ross Thatcher. The New Democratic Party defeated it in 1971. While federal Liberal candidates had somewhat better success than their provincial counterparts the number of Liberals elected to federal seats remained in the single-digits and in some federal elections Saskatchewan voters elected no Liberal candidates. For discussion of the Liberal party in Saskatchewan see: Lynda Haverstock, "The Saskatchewan Liberal Party," in *Saskatchewan Politics: Into the Twenty-First Century*, ed. Howard A. Leeson (Regina: Canadian Plains Research Centre, 2001): 199-250; Peter McCormick, "Is the Liberal Party Declining?: Liberals, Conservatives, and Provincial Politics 1867-1980," *Journal of Canadian Studies* 18, no. 4 (1983-1984): 88-107; Barry Wilson, *The Politics of Defeat: The Decline of the Liberal Party in Saskatchewan* (Saskatoon: Western Producer Prairie Books, 1980); David Smith, *Prairie*

Historiography

This dissertation examines how the importance of prairie agriculture to Canada's reputation on the international stage encouraged changes to the grain handling and transportation system especially the Crowsnest Pass Agreement. Canadian historians have not examined this history directly although they have touched on various elements of it through studies of Canadian railways, agriculture, or political figures. This dissertation combines these elements to consider how changing socio-economic policies and federal-provincial relations influenced debates over grain handling and transportation. In doing so it adds to the understanding of western alienation, in particular the relationship between western alienation and agriculture, as well as the scholarship on changing transportation structures that affect western Canada in the latter half of the 20th century.

Most historical work about Canadian railways examines them during the nineteenth century and first half of the twentieth century. Railway connections were integral to the development of the Canadian economy. For this reason, a primary element of John A. Macdonald's National Policy was the completion of the transcontinental railway. Indeed, the success of its two other main elements, increased immigration to the prairies and promotion of Canadian manufacturing, hinged directly or indirectly on the completion of the transcontinental railway.⁵⁴ In 1885 Canadian Pacific's completion of the transcontinental railway created a physical link demonstrating Canada's confederation. The early importance of railways to the economy and the transcontinental railway in particular as a manifestation of Canadian nationalism and unity gave railways a large place in the collective identity of Canada as evidenced by popular songs like Gordon Lightfoot's "Canadian Railroad Trilogy" and the

Liberalism: The Liberal Party in Saskatchewan 1905-1971 (Toronto: University of Toronto Press, 1975).

⁵⁴ Richard Pomfret, *The Economic Development of Canada* (London: Routledge, [1981] 2006); Bill Waiser, *Saskatchewan: A New History* (Calgary: Fifth House, 2005); Doug Owsram, *Promise of Eden: The Canadian Expansionist Movement and the Idea of the West 1856-1900* (Toronto: University of Toronto Press, 1980); Trevor D. Heaver and James C. Nelson, "The Roles of Railway Regulation in National Policy in Canada," *Journal of Transport Economics and Policy* 14, no. 1 (1980): 7-18; T.W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910," *Acadiensis* 1, no. 2 (1972): 3-28; Robert Craig Brown, *Canada's National Policy, 1883-1900: A Study of Canadian-American Relations* (Princeton: Princeton University Press, 1964); V. C. Fowke, *The National Policy and the Wheat Economy* (Toronto: University of Toronto Press, 1957).

considerable array of popular railway histories including Pierre Berton's influential two volume set *The National Dream* and *The Last Spike*.⁵⁵ Canadian historians have written extensively about railways in the 19th and early 20th centuries when rail was still a dominant form of transportation.⁵⁶ Two oft-cited works on the railways in Canada are W. Kaye Lamb's extensive 1977 history of the Canadian Pacific Railway and T. D. Regehr's 1976 history of the Canadian Northern Railway, which challenged CPR's dominance over prairie rail traffic in the early 20th

⁵⁵ Gordon Lightfoot, "Great Canadian Railroad Trilogy," *The Way I Feel*, United Artists, 1967; Pierre Berton, *The National Dream: The Great Railway, 1871-1881* (Toronto: McClelland and Stewart, 1970); Pierre Berton, *The Last Spike* (Toronto: McClelland and Stewart, 1971). Some other railway histories written for a popular audience include Greg McDonnell, *Canadian Pacific: Stand Fast, Craigellachie!* (Erin, ON: Boston Mills Press, 2003); Tom Murray, *Rails Across Canada: The History of Canadian Pacific and Canadian National Railways* (n.p.; Voyageur Press, 2011); Donald MacKay, *The People's Railway: A History of Canadian National* (Vancouver: Douglas & McIntyre, 1992); David Cruise and Alison Griffiths, *Lords of the Line: The Men Who Built the CPR* (Markham, ON: Viking, 1988); Jim Lotz, *Canadian Pacific* (London, UK: Bison Books, 1985).

For examples of scholarly work on railways in Canadian identity and culture see Philip J. Hatfield, *Canada in the Frame: Copyright, Collections and the Image of Canada 1895 -1924* (London, UK: University College London Press, 2018); Garth Wilson, "Designing Meaning: Streamlining, National Identity and the Case of Locomotive CN6400," *Journal of Design History* 21, no. 3 (2008): 237-257; K. G. Flynn, "Destination Nation: Writing the Railway in Canada" (PhD diss., McGill University, 2002); Kevin Flynn, "The Railway in Canadian Poetry," *Canadian Literature* 174 (2002): 70-95; Neil Earle, "Three Stories, Two Visions: The West and The Building of The Canadian Pacific Railway in Canadian Culture," *Social Science Journal* 36, no. 2 (1999): 341-352.

⁵⁶ Some examples of this large body of work are A. A. den Otter, *The Philosophy of Railways: The Transcontinental Railway Idea in British North America* (Toronto: University of Toronto Press, 1997); R. B. Flemming, *The Railway King of Canada: Sir William Mackenzie, 1849-1923* (Vancouver: UBC Press, 1991); Ken Cruikshank, *Close Ties: Railways, Government and the Board of Railway Commissioners, 1851 -1933*, (Montreal; McGill-Queen's University Press, 1991); James Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (Toronto: University of Toronto Press, 1990); John Eagle, *The Canadian Pacific Railway and the Development of Western Canada, 1896-1914* (Montreal: McGill-Queen's University Press, 1989); Hugh A. Dempsey, ed. *The CPR West: The Iron Road and the Making of a Nation*, (Vancouver: Douglas & McIntyre, 1984); R. F. Legget, *Railways of Canada* (Vancouver: Douglas & McIntyre, 1973); A. W. Currie, *The Grand Trunk Railway of Canada* (Toronto: University of Toronto Press, 1957); G. P. de T. Glazebrook, *A History of Transportation in Canada* (Toronto: The Ryerson Press, 1938); Harold A. Innis, *A History of the Canadian Pacific Railway* (Toronto: University of Toronto Press, [1923] 1971).

century, but later collapsed in financial ruin.⁵⁷ Richard White recently offered an examination of the building of transcontinental railways in North America focusing on American railways but also arguing that Canadian and Mexican railway building followed similar patterns: overbuilding encouraged by public investments resulting in poor revenues for the actual railway corporations but personal enrichment for the men involved in their creation.⁵⁸ As White argues “the governments of North America lavishly subsidized the [railway] corporations, and the corporations assisted in the great state projects of bring half a continent under the domination of central governments.”⁵⁹ The funneling of public money into railways ultimately left the governments indebted for the construction of transcontinental railways, which hastened westward expansion. Moreover, the railway corporations actively lobbied government for greater subsidization and favourable regulations; thus “making the government an arena in which the corporations themselves competed” so that those opposing the railways also “confronted them politically.”⁶⁰ While not a focused railway history in the vein of Lamb, Regehr, or White this dissertation adds to the historical scholarship on railways through its examination of rail grain transportation freight policy during the 1960s and 1970s within the larger context of Canada’s international engagement in the grain trade and the progression of western alienation in the prairies. It also demonstrates that the question of railway subsidies—in this case the Crowsnest Pass Agreement and the Crow rate, which grew from it—remained political far beyond the Gilded Age of the 19th century that is White’s focus.

As an important piece of legislation related to both agriculture and transportation, the Crow rate has received attention from various disciplines such as political science and public policy where focus tends to fall on the making of policy decisions and the political jockeying various interested parties do in the service of influencing policy.⁶¹ Economists have also

⁵⁷ W. Kaye Lamb, *A History of the Canadian Pacific Railway* (New York: Macmillan Publishing Company, 1977); T. D. Regehr, *The Canadian Northern Railway* (Toronto: Macmillan of Canada, 1976).

⁵⁸ Richard White, *Railroaded: The Transcontinentals and the Making of Modern America*, (New York: W. W. Norton, 2011).

⁵⁹ White, *Railroaded*, 596.

⁶⁰ White, *Railroaded*, 596-597.

⁶¹ See for example: Marc-André Pigeon, “Conflict, Consensus, Convention: The Depoliticization of Canada’s Economic Discourse” (PhD diss., Carleton University, 2008); D. Swanson and H. D. Venema, “Adaptive Policy Case Study: Analysis of the Crow Rate in Prairie

generated a substantial body of literature on it, which focuses on considering costs associated with it and the economic implications of its removal in both the long and short term. There is a focus on the financial aspects rather the policy and ideological debates between the various parties involved in the Crow rate debates. Many economists focus on the 1983 end of the Crow rate by examining questions around the effects of the Crow rate's removal and considerations for future changes to grain transportation.⁶² Historians have examined the Crow rate too though they

Canada: A Cautionary Tale,” in *Designing Policies in a World of Uncertainty, Change and Surprise: Adaptive Policy-Making for Agriculture and Water Resources in the Face of Climate Change* (Winnipeg: The International Institute for Sustainable Development and The Energy and Resources Institute, 2006), 97-116; Andrew Molloy, “The Political Economy of Western Canadian Regionalism,” (PhD diss., Carleton University, 1992); Henry Ropertz, “Canadian Federalism: A Major Constraint on the Development of National Transportation Policy: Lessons From Changes to the Crow Rate” (PhD diss., University of British Columbia, 1989); Grace Skogstad, *The Politics of Agricultural Policy-Making in Canada*, (Toronto: University of Toronto Press, 1987); Michael J. Laslovich, “Changing the Crow Rate: State-Societal Interaction” (PhD diss., Carleton University, 1987); Michael J. Laslovich, “Changing the Crow Rate: The Politics of Western Grain,” *American Review of Canadian Studies* 16, no. 3 (1986): 313-326; James D. Forbes, *Institutions and Influence Groups in Canadian Farm and Food Policy* (Toronto: Institute of Public Administration of Canada, 1985); W. G. Waters, “Transportation Policies and the Western Transition.” *Canadian Public Policy* 11 (1985): 339-343; Kenneth H. Norrie, “Not Much to Crow About: A Primer On The Statutory Grain Freight Rate Issue,” *Canadian Public Policy* 9, no. 4 (1983): 434-445; W.J. Blackman, “A Western Canadian Perspective on the Economics of Confederation,” *Canadian Public Policy* 3, no. 4 (1977): 414-430.

⁶² For example see: Darcie Doan, Brian Paddock, and Jan Dyer, “The Reform of Grain Transportation Policy and Transformation in Western Canadian Agriculture,” in *Policy Reform and Adjustment in the Agricultural Sectors of Developed Countries*, eds. David Blandford and Berkeley Hill (Cambridge: CABI, 2006), 163-174; Andrew Schmitz and Hartley Furtan, *The Canadian Wheat Board: Marketing in the New Millennium* (Regina: Canadian Plains Research Centre, 2000); H. Bruce Huff, “The Changing Role of Public Policy in Canadian Agriculture,” *American Journal of Agricultural Economics* 79, no. 5 (1997): 1401-1409; K. K. Klein, and W. A. Kerr. “The Crow Rate Issue: A Retrospective on The Contributions Of The Agricultural Economics Profession In Canada.” *Canadian Journal of Agricultural Economics* 44, no. 1 (1996): 1-18; James Vercaemmen, “An Overview of Changes in Western Grain Transportation Policy,” *Canadian Journal of Agricultural Economics* 44, no. 4 (1996): 397-402; E. W. Tyrchniewicz, “Western grain transportation initiatives: where do we go from here?” *Canadian Journal of Agricultural Economics* 32, no. 2 (1984): 253-268; Gillian Wogin, “The Wealth-Maximizing Behavior of the Canadian Pacific Railway: Lands, Freight Rates, and the Crow’s Nest Pass Agreement,” (PhD., Carleton University, 1983); Kenneth H. Norrie, “Freight Rate Reform and Regional Burden: A General Equilibrium Analysis of Western Freight Rate Proposals,” *Canadian Journal of Economics* 16, no. 2 (1983): 325-349; J. Nagy, W. Hartley Furtan, and S. N. Kulshreshtha, *The Canadian Wheat Economy: Economic Implications of*

have tended to include it as part of larger narratives and often focused on its creation rather than its ending.⁶³ This dissertation focuses on the long-term process of ending the Crow rate and how that process appeared for people in the prairies.

In his classic overview of the history of the prairies, Gerald Friesen describes the Crow rate as the “bargain” to make the agreement between the Federal government and the CPR “politically palatable in western Canada.”⁶⁴ The ending of the Crow rate, Friesen suggests, is part of the larger shift in prairie agriculture to being less unique and more equivalent to urban workers as the “family farm was, by 1980, a business rather than a way of life.”⁶⁵ Beyond the shift in farming practices, the larger and more important shift was the depopulation of the rural prairies with its associated decline in the total number of farming families. This decline, Friesen argues, meant that “though agriculture remained a defining element of the prairie west ... its relative influence had declined sharply” thus enabling the restructuring of the agricultural industry and the legislation, including the Crow rate, which framed it.⁶⁶

Vernon Fowke suggested it was during the early half of the twentieth century that farmers had the most power as they were a substantial portion of the Canadian population.⁶⁷ Yet, even with their strong political organization, farmers still had difficulty creating government policy at odds with the general policy directions already in place. Indeed, Fowke argues that farmers “have generally been powerless to secure assistance which would benefit them at the expense of

Changes in the Crowsnest Pass Freight Rates. No. 79. (Saskatoon: Department of Agricultural Economics, University of Saskatchewan, 1979); S. N. Kulthreshra and D. G. Devine, “Historical Perspective and Propositions on the Crowsnest Pass Freight Rate Agreement,” *Canadian Journal of Agricultural Economics* 26, no. 2 (1978): 72–83.

⁶³ See for example: Paul Earl, *The Rise and Fall of United Grain Growers* (Winnipeg: University of Manitoba Press, 2019); Simon Evans, *The Bar U and Canadian Ranching History* (Calgary: University of Calgary Press, 2004); Karen Nicholson, “Small farmers, big business and the battle over the ‘Prairie Sentinels’,” *Manitoba History* 45 (2003): 12-19; Carrol Jaques, *Unifarm: A Story of Conflict and Change* (Calgary: University of Calgary Press, 2001); Ian MacLachlan, *Kill and Chill: Restructuring Canada’s Beef Commodity Chain* (Toronto: University of Toronto Press, 2001); Henry C. Klassen, *A Business History of Alberta* (Calgary: University of Calgary Press, 1999); Cruikshank, *Close Ties*; Gerald Friesen, *The Canadian Prairies: A History* (Toronto: University of Toronto Press, 1987).

⁶⁴ Friesen, *The Canadian Prairies*, 191.

⁶⁵ Friesen, *The Canadian Prairies*, 435.

⁶⁶ Friesen, *The Canadian Prairies*, 435.

⁶⁷ Fowke, *Canadian Agricultural Policy*, 272.

other substantial groups within the community.”⁶⁸ Despite their political organization, Ottawa ultimately dictated the structure of the agricultural economy in the Canadian prairies. Fowke suggests that for the federal government, agricultural settlement in the prairies was to declare Canada’s territorial interest while at the same time encouraging railway building that in itself also helped to declare Canada’s claim to territory.⁶⁹ Thus, as agriculture in the prairies moved from a new investment environment to a mature one, the economy associated with it was no longer growing, which made it of less importance to the federal government. This dissertation continues Fowke’s observation that farmers effectively had little political power at the federal level despite their political organization. It demonstrates how the majority of prairie farmers and their organizations fought to retain the Crow rate yet they ultimately had to concede to the federal government’s desire to remove the Crow rate.

Canada’s changing international status since the Second World War has tended to focus on the roles played by major political leaders. Scholars have written about Saskatchewan lawyer John Diefenbaker’s tenure as Prime Minister and his political career from a variety of positions with considerable focus on how Diefenbaker positioned Canada on the world stage. In *Lament for a Nation* George Grant suggested that Canada was becoming indistinct from America and that Diefenbaker was the last Prime Minister to try to maintain Canada as a country separate and distinct from America.⁷⁰ Grant’s book remains influential both in terms of his analysis of Diefenbaker and Canadian nationalism but also as an example of political tensions that existed at the time of its 1965 publication.⁷¹ *Lament for a Nation* drew on fears about the Americanization of Canada while celebrating Diefenbaker for attempting to prevent Americanization by promoting Canadian institutions.

⁶⁸ Fowke, *Canadian Agricultural Policy*, 272.

⁶⁹ Fowke, *The National Policy and the Wheat Economy*, 283; Fowke, *Canadian Agricultural Policy*, 273

⁷⁰ George Grant, *Lament for a Nation: The Defeat of Canadian Nationalism* (Ottawa: Carlton University Press, [1965] 1995).

⁷¹ For examples of writing about Grant’s *Lament for the Nation* see: Ian Angus “An End to Finite Hope?” *Journal of Canadian Studies* 41, no. 2 (2007): 213-220; Jennifer MacLennan, “Signposts of Cultural Identity: George Grant’s *Lament for a Nation* and Mel Hurtig’s *The Vanishing Country*,” *Journal of the Canadian Society for the Study of Rhetoric* 2, (2007): 1-27.

Scholars often criticize Diefenbaker for his handling of international relations. They have pointed to his failure to propel Canada to a world leader due to his poor handling of the Bomarc missile crisis and his cancellation of the Avro Arrow destroying Canada's entry into the space race.⁷² Asa McKercher has recently argued that Diefenbaker's actions as Prime Minister were primarily responsible for the clear and public discord in US-Canada relations.⁷³ Indeed, when compared by many historians to Lester Pearson, who succeeded him as Prime Minister, Diefenbaker often comes out poorly as the less-diplomatic and less-worldly foil to Pearson, who received a Nobel Prize for his work in defusing the Suez Missile Crisis when serving with the McKenzie King government. Historians have regarded the Pearson government as better at international relations in part because of its warmer and closer relationship with the US.⁷⁴ McKercher and others portray Diefenbaker as being more concerned with domestic matters than international ones, resulting in prioritizing Canadian national interests, often to the detriment of Canadian-American relations. Essentially McKercher concludes that Diefenbaker's Canadian nationalism made it difficult for him to position Canada effectively on the international stage – particularly in relation to the US.

Historians have not tended to concentrate on Diefenbaker's influence on the grain trade. Diefenbaker's nationalism influenced his policy making such that he prioritized policies benefiting Canada internally instead of following American policies.⁷⁵ As a grain exporting nation Canada was in direct competition with the US, which had its own surplus grain production that it wanted to sell into foreign markets. The Diefenbaker government's pursuit of Canada-China trade is a clear example of how he attempted to put Canada first by accessing a new market for Canadian grain. The scholarship often highlights this pursuit of trade with a

⁷² Peter C. Newman, *Renegade in Power: The Diefenbaker Years* (Toronto: McClelland and Stewart, 1963); Denis Smith, *Rogue Tory: The Life and Legend of John G. Diefenbaker* (Toronto: Macfarlane Walter & Ross, 1995); Patricia McMahon, *Essence of Indecision: Diefenbaker's Nuclear Policy, 1957-1963* (Montreal: McGill-Queen's University Press, 2009); J. L. Granatstein, *Canada 1957-1967: The Years of Uncertainty and Innovation* (Toronto: McClelland and Stewart, 1986); John Boyko, *Cold Fire: Kennedy's Northern Front* (Toronto: Knopf, 2016).

⁷³ Asa McKercher, *Camelot and Canada: Canadian-American Relations in the Kennedy Era* (Oxford: Oxford University Press, 2016).

⁷⁴ John Holmes, *Canada: A Middle-Aged Power* (Toronto: McClelland and Stewart, 1976); Boyko, *Cold Fire*.

⁷⁵ Zorbas, *Diefenbaker and Latin America*, 2.

Communist country as damaging US-Canada relations because this pursuit was in direct opposition with American trade priorities. McKercher highlights selling of Canadian wheat to China as one instance which soured Canadian-American relations during Diefenbaker's time in office. He suggests that Diefenbaker was more concerned with providing a new market for Canadian grain as a boon to his supporters in western Canada than he was in the USA's refusal to acknowledge communist China. Historian Angela Graham, however, argues that Canadian wheat sales to China were not as diplomatically disastrous as other scholarship portrays them. Indeed, the sales served to highlight changing American attitudes to China and there was little negative backlash from them. Graham notes both the American State Department and Department of Agriculture (USDA) countered criticism they received about the sales. More importantly, China was not a market the Americans were involved in so they had little objection to Canada acting in it.⁷⁶ In comparison America was actively trying to take market shares from Canada in the Japanese market. By capturing the Chinese market early, Diefenbaker ensured a successful relationship between Canada and China, which Graham argues the Trudeau government continued and maintained by its official recognition of China.

While there is large body of scholarship on Diefenbaker, relatively little of it deals in-depth with his agricultural policies and it focuses on agriculture as an aspect of international trade and relations. This dissertation discusses Diefenbaker's relationship with agriculture during his time as the leader of the opposition after his defeat by the Pearson Liberals. By focusing on how Diefenbaker publicly participated in the 1960s Crownest Pass Agreement debates, this dissertation presents an aspect of his time in politics that is relatively undeveloped in the existing scholarship. It serves to highlight how his nationalism and focus on doing what was best for Canada continued into his time as opposition leader as did his presentation of himself as a fierce representative for western Canadian interests.

This dissertation also contributes to the body of literature on western alienation and prairie populism. While western alienation is now known for the right-wing reform movements beginning in the 1970s, the concept of the regional alienation of the prairie west from central Canada has a longer lineage. Regional alienation helped spur the rise of agrarian protest and

⁷⁶ Angela Graham, "A Colossus and A Conundrum: Canada the United States, and Canadian China Policy, 1942-1970" (PhD diss., McMaster University, 2007), 179.

activism in the first half of the 20th century. Scholars framed the concept of prairie populism in the early half of the twentieth century as being agrarian and left-wing with a focus on support for social programs and improved economic conditions through government intervention.⁷⁷ While the Cooperative Commonwealth Federation under leader Tommy Douglas rode the swell of prairie populism to form the Saskatchewan government in 1944, left wing prairie populism slowly receded from provincial politics.⁷⁸ In his introduction to Paul Sharp's classic *The Agrarian Revolt in Western Canada*, political scientist Lorne Brown argues that "western alienation" has replaced prairie populism even though it does not draw from the same body of

⁷⁷ Paul F. Sharp, *The Agrarian Revolt in Western Canada: A Survey Showing American Parallels* (Regina: Canadian Plains Research Centre, [1948] 1997); David Laycock, *Populism and Democratic Thought in the Canadian Prairies 1910 to 1945* (Toronto: University of Toronto Press, 1990); J. F. Conway, *The Prairie Populist: George Hara Williams and the Untold Story of the CCF* (Regina: University of Regina Press, 2018); Alvin Finkel, *The Social Credit Phenomenon in Alberta* (Toronto: University of Toronto Press, 1989).

⁷⁸ The Cooperative Commonwealth Federation was a social democratic political party founded by socialist, agrarian, and labour organizations in Calgary, AB, in 1932. The CCF aimed to improve the social and economic conditions of workers and farmers with an emphasis on government regulation, social welfare programs, and public ownership. It successfully ran candidates at both the provincial and federal levels. The election of CCF in Saskatchewan was the first time the party held power. The CCF changed its name to the New Democratic Party (NDP) in 1961. For more discussion of the CCF and the Douglas government see Kenneth McNaught, *A Prophet in Politics: A Biography of J. S. Woodsworth* (Toronto: University of Toronto Press, 1959); Walter Young, *The Anatomy of a Party: The National CCF, 1932-61* (Toronto: University of Toronto Press, 1969); Ivan Avakumovic, *Socialism in Canada: A Study of the CCF-NDP in Federal and Provincial Politics* (Toronto: McClelland and Stewart, 1978); John Herd Thompson and Allen Seager, *Canada, 1922-1939: Decades of Discord* (Toronto: McClelland and Stewart, 1985); Thomas McLeod and Ian McLeod, *Tommy Douglas: The Road to Jerusalem* (Edmonton: Hurtig, 1987); Lorne Brown, "The Early CCF in Saskatchewan as the Political Vehicle for Left Agrarian Populism," in *The Prairie Agrarian Movement Revisited*, eds. Murray Knuttila and Bob Stirling, (Regina: Canadian Plains Research Centre, 2007), 169-186; Meyer Brownstone, "The CCF in Power," in *The Prairie Agrarian Movement Revisited*, eds. Murray Knuttila and Bob Stirling, (Regina: Canadian Plains Research Centre, 2007), 187-208; J. F. Conway, "From 'Agrarian Socialism' to 'Natural' Governing Party: The CCF/NDP in Saskatchewan, 1932-2007," in *The Prairie Agrarian Movement Revisited*, eds. Murray Knuttila and Bob Stirling, (Regina: Canadian Plains Research Centre, 2007), 209-244; James Naylor, *The Fate of Labour Socialism: The Co-operative Commonwealth Federation and the Dream of a Working-Class Future* (Toronto: University of Toronto Press, 2016); John F. Conway, *The Prairie Populist: George Hara Williams and the Untold Story of the CCF* (Regina: University of Regina Press, 2018).

left-wing ideals.⁷⁹ Yet, western alienation in terms of feelings that central Canada overlooks or exploits the west—specifically the prairie west—is not a new phenomena. The prairie populism of the CCF and the Progressive Party grew from discontent with the treatment western issues received in traditional political structures; their perceived lack of attention and poor treatment alienated the prairies from central Canada and led to the idea that those who lived in the prairies had to solve prairie problems. There is a considerable body of scholarship on the CCF, labour activism, and early agrarian populist movements in Canada that highlights how these movements intended to solve economic and social problems on the prairies through the formation of new political parties and radical economic interventions.⁸⁰

In Alberta prairie populism resulted first in the United Farmers of Alberta forming the provincial government only for another populist party, William Aberhart's Social Credit party, to replace it in 1935. Social Credit with its religious roots is closer in spirit to the western alienation movement appearing in the 1970s. Social Credit explicitly set itself against the federal government and capitalism in the form of the "50 big shots" casting it as a villain preventing innovative Social Credit reforms in banking. Yet the scholarship about Social Credit rarely frames the party and its ideological supporters as part of the lineage of western alienation in the

⁷⁹ Lorne Brown, "Introduction to 1997 Reprint of Paul F. Sharp *The Agrarian Revolt in Western Canada: A Canadian Perspective*," in Paul F. Sharp, *The Agrarian Revolt in Western Canada: A Survey Showing American Parallels* (Regina: Canadian Plains Research Centre, [1948] 1997), xxvii.

⁸⁰ A few examples from this large body of scholarship are: A. W. Johnson, *Dream No Little Dreams: A Biography of the Douglas Government of Saskatchewan, 1944-1961* (Toronto: University of Toronto Press, 2004); Walter Stewart, *The Life and Political Times of Tommy Douglas* (Toronto: McArthur, 2003); C. Stuart Houston and Bill Waiser, *Tommy's Team: The People Behind the Douglas Years* (Markham: Fifth House, 2010); Kathleen Carlise, *Fiery Joe: The Maverick Who Lit Up the West* (Regina: University of Regina Press, 2017); David Bercuson, *Fools and Wise Men: The Rise and Fall of the One Big Union* (Toronto: McGraw-Hill, 1978); David Bercuson, *Confrontation at Winnipeg: Labour, Industrial Relations and the General Strike* (Montreal: McGill-Queen's University Press, 1974); Stephen Endicott, *Bienfait: The Saskatchewan Miners' Struggle of '31* (Toronto: University of Toronto Press, 2002); Seymour Martin Lipset, *Agrarian Socialism: the Cooperative Commonwealth Federation in Saskatchewan* (Berkeley: University of California Press, 1950); V. C. Fowke, *Canadian Agricultural Policy: The Historical Pattern* (Toronto: University of Toronto, 1946); Lyle Dick, *Farmers 'making good': The Development of Abernethy District, Saskatchewan, 1880-1920* (Ottawa: National Historic Parks and Sites, 1989); Garry Fairbairn, *From Prairie Roots: The Remarkable Story of Saskatchewan Wheat Pool* (Saskatoon: Western Producer Prairie Books, 1984).

prairies instead there is more focus on attempting to explain Social Credit's meteoric rise and long term political success.⁸¹ More recent work focuses on the fundamentalist Christian roots of the party and its resultant social conservatism; an understandable focus given the overtly religious public image of both the party's first leader preacher William Aberhart and his successor Ernest Manning, and the reflection of their fundamentalism in the party's policies.⁸² Manning's son, Preston, spearheaded the Reform Party in 1987 which capitalized on the idea of western alienation by explicitly talking about the idea. It brought about the now well-known rhetorical cry "the West wants in" and has been widely used by Alberta's conservative provincial government to defend its choices and shift any blame for negative consequences onto the federal government.⁸³ Thus while western alienation as a named political ideology is relatively recent, it would be short-sighted to consider the wider idea of western estrangement to extend back only so far as the beginnings of the western alienation movement in the 1970s or to restrict its social and economic impetus only to one side of the political spectrum. Instead, western alienation should include political ideals and movements, including agrarian socialism, which drew on ideas of the prairies as divided and isolated from central Canada, large industrial concerns, and federal politics.⁸⁴

⁸¹ C. B. Macpherson, *Democracy in Alberta: Social Credit and the Party System* (Toronto: University of Toronto Press, 1953); John Irving, *The Social Credit Movement in Alberta* (Toronto: University of Toronto Press, 1959); Lewis H. Thomas ed. *William Aberhart and Social Credit in Alberta* (Toronto: Copp Clark, 1977); Tom Flanagan and Martha F. Lee, "From Social Credit to Social Conservatism: The Evolution of an Ideology," *Prairie Forum* 16, no 2. (1991): 205–223; Alvin Finkel, *The Social Credit Phenomenon in Alberta* (Toronto: University of Toronto Press, 1989); James Farney and David Rayside, eds. *Conservatism in Canada* (Toronto: University of Toronto Press, 2013).

⁸² S. D. Clark, "The Religious Sect in Canadian Politics," *The American Journal of Sociology* 51, no. 3 (1945): 207–216; Brian Brennan, *The Good Steward: The Ernest C. Manning Story* (Calgary: Fifth House, 2008); Jared J. Wesley, *Code Politics: Campaigns and Cultures on the Canadian Prairies* (Vancouver: UBC Press, 2011); Clark Banack, *God's Province: Evangelical Christianity, Political Thought, and Conservatism in Alberta* (Montreal: McGill-Queen's University Press, 2016); David Rayside, Jerald Sabin and Paul E. J. Thomas, *Religion and Canadian Party Politics* (Vancouver: UBC Press, 2017).

⁸³ Doreen Barrie, *The Other Alberta: Decoding a Political Enigma* (Regina: University of Regina Press, 2006).

⁸⁴ The consideration of western alienation as a larger encompassing category containing both left- and right-wing ideologies appears in some of the scholarship on this topic. See for example George Melnyk, *Beyond Alienation: Political Essays on the West* (Calgary: Detselig, 1993).

Political scientists and sociologists have devoted considerable time to examining western alienation, yet historians have not given it the same level of direct attention.⁸⁵ Instead they have written around the concept, resulting in work that showcases examples of how central Canadian politicians manipulated the west for their own benefit. A recent clear example is Robert Wardhaugh's argument that MacKenzie King remained sympathetic to the west only so long as it was critical to Canada's national development. When manufacturing – deeply rooted in Ontario – became a critical part of the Canadian economy King was less sympathetic to the needs of the primary production of the prairies. Yet despite this changing relationship, Wardhaugh's work does not place it within the framework of rising western alienation.⁸⁶ One of the major events that scholars and popular writers alike credit with creating western alienation – and one which Alberta conservatives have actively pointed to – is the National Energy Program (NEP), which Pierre Trudeau's government established in 1980. Albertans blamed the program for taking oil revenue away from them and the NEP became a symbol of how central Canada, through the Liberal-led federal government, continued to exploit the resources and people of Alberta and the west in general.⁸⁷

The implementation of the NEP was not the first instance of the Trudeau government receiving backlash on the prairies for actions viewed as being counter to the prairies' economic

⁸⁵ David McGrane, *Remaining Loyal: Social Democracy in Quebec and Saskatchewan* (Montreal: McGill-Queen's University Press, 2014); Roger Gibbins, "Models of Nationalism: A Case Study of Political Ideologists in the Canadian West," *Canadian Journal of Political Science* 10, no.2 (1977): 341-374; Gerard F. Rutan, "Western Canada: The Winds of Alienation," *American Review of Canadian Studies* 12, no. 1 (1982): 74-97; Roger Gibbins, "Western Canada: 'The West Wants In'," in *Beyond Quebec: Taking Stock of Canada* ed. Kenneth McRoberts (Montreal: McGill-Queen's University Press, 1995), 45-60; Trevor Harrison, *Of Passionate Intensity: Right - Wing Populism and the Reform Party of Canada* (Toronto: University of Toronto Press, 1995).

⁸⁶ Robert Wardhaugh, *Mackenzie King and the Prairie West* (Toronto: University of Toronto Press, 2000).

⁸⁷ John Helliwell and Robert N. McRae, "The National Energy Conflict," *Canadian Public Policy* 7, no. 1 (1981): 15-23; Klassen, *A Business History of Alberta*; Tammy Nemeth, "Conflicting Visions: Pierre Trudeau, External Affairs, and Energy Policy," in *In the National Interest: Canadian Foreign Policy and the Department of Foreign Affairs and International Trade, 1909-2009*, eds. Greg Donaghy and Michael K. Carroll, (Calgary: University of Calgary Press, 2011): 155-180. An example of a popular writer on the subject is Mary Janigan, *Let the Eastern Bastards Freeze in the Dark: The West Versus the Rest Since Confederation* (Toronto: Random House, 2012).

and social best interest. The federal government's suggestion of changing its policies on grain freight rates, especially the removal of the Crowsnest Pass Agreement, also received vigorous criticism on the prairies especially in Saskatchewan. By examining this aspect of the Trudeau government's actions, this dissertation adds to the historical scholarship on events which created feelings of western alienation by showing how federal policies around grain transportation were at odds with provincial views both at the government and grassroots levels.

Outline of Chapters

The dissertation is comprised of eight chapters that examine the changes to the grain handling and transportation system on the prairies. Interrogating these changes shows how the public debate over the structure of the grain handling and transportation system, especially the freight rates governed by the Crowsnest Pass Agreement, shifted from emphasizing government regulation of transportation as a national good to a private business service. The shift in the public debate was a result of the conjunction of Canada's desire to rebrand itself as an independent country on the world stage through its grain exports and increasing concern over how the railways' attempts to address the costs associated with grain transportation were affecting the movement of grain. The resultant shift in the discourse and federal government actions aligned with that shift exacerbated feelings of alienation within the prairie agrarian community.

Chapter Two examines the MacPherson Commission (1961) beginning with a brief history of the creation of railways in the Canadian prairies and government policy around grain freight rates, in particular the introduction of the 1897 Crowsnest Pass Agreement. This brief history shows the public framing of government policy in relation to grain movement by rail as being part of the national interest. This framing began to shift with the MacPherson Commission's 1961 report. Unlike previous examinations of grain freight rates, the MacPherson Commission did not side unanimously with farmers in terms of keeping Crow rate as the status quo. The chapter argues that the MacPherson Commission's recommendations in relation to grain freight rates and the commissioners' deep division over these recommendations mark the beginning of the re-conceptualization of the railways' grain movement as simply another private business. The MacPherson Commission's influential change in the narrative around grain transportation laid the groundwork for a more neo-liberal approach to grain production and trade that grew throughout the 1970s.

Chapter Three argues that public discourse around grain handling and transportation increasingly emphasized the prairies' role as a reliable grain exporter and the importance of protecting that reputation. This chapter, therefore, examines significant events between 1965 and 1974 that publicly highlighted the fragility of Canada's reputation for reliability. There were significant labour problems during this period, but for grain movement the most relevant labour actions happened at deep-water ports. Due to strikes preventing the movement of grain through the ports, the entire handling and transportation system stalled. The slow unplugging of the system once a strike finished became part of the discourse claiming the railway system itself could not handle the volume of grain required to maintain Canada's reputation as a reliable exporter. The threat of lost grain sales due to a poor reputation was an increasing concern because of a steady decline in farm income combined with increasing production levels. This chapter also discusses the 1969 damp grain crisis in-depth because it shows how the increased volume of exports combined with Canada's focus on providing consistent grain quality required a grain handling system where a centralized body oversaw the actions of the involved parties (notably railways, grain handling companies, and farmers). For policy makers the crisis highlighted the difficulties of organizing the decentralized prairie elevator network.

The perceived threats to Canada's reputation as a reliable grain exporter required solutions. Chapter Four argues that during the late 1960s and into the 1970s discussions around grain handling increasingly cohered around an agreement that the state of the railway and grain handling system was a threat to Canada's reputation for reliability but the complicated nature of the problem resulted in no clear solutions. The problem of declining farm incomes was a complicating factor to any solution but one which required its own solution. Any solution fell into one of two basic categories: reducing production or increasing sales revenue via increased market access. An important selling point in efforts to gain new markets was reliable transportation. Yet, there were a finite number of markets. Otto Lang, Minister of Justice/Minister for the Canadian Wheat Board, attempted a solution through reduced production with the Lower Inventory for Tomorrow (LIFT) program at the start of the 1970s. This program was an important response that highlights how prairie farmers themselves viewed their production as not only for the commercial market but also as a part of Canada's international effort to provide food to developing nations. The solution of cutting production to improve farm incomes was deeply unpopular, thus the federal government discontinued it as soon as the

magnitude of the 1972 Soviet grain purchases became apparent. The short-lived LIFT program shows how the prairie agricultural community prioritized market expansion as a solution rather than production reduction. This renewed focus on expanded markets combined with anticipated problems meeting Soviet grain purchases encouraged Lang to suggest removing the Crowsnest Pass Agreement in order to modernize the railway system. It is important to highlight the hostile reaction to Lang's suggestion because it reveals the strong feelings from a vocal majority of the prairie agrarian community. At the same time, a minority of responses demonstrate that not all farmers agreed, and some were willing to accept increased costs in return for the promise of a more reliable transportation system. The chapter closes by examining how the federal government called two commissions in 1975 to examine the handling and transportation of grain: The Grain Handling and Transportation Commission, chaired by Justice Emmett Hall, and the Cost of Grain Transportation by Rail chaired by Carl Snavely.

Chapters Five and Six argue that the Hall and Snavely Commissions served two very different purposes. It examines the submissions and hearings held by the two commissions as well as press reports to show how members of the agrarian community reacted very differently to the two commissions. The Snavely Commission, which examined costing, was very technical with a limited mandate and timeframe. Participants in the commission were not individuals but organizations and the hearings focused on mathematical accounting and economic questions. In contrast, the broad mandate of the Hall Commission resulted in a wide range of participants who overwhelmingly emphasised the importance of maintaining the Crowsnest Pass Agreement. Examining the submissions to these two commissions demonstrates how participants had different understandings of the place of railways and the cost of grain freight within the grain transportation system. Prairie farmers, Saskatchewan farm organizations and their provincial government understood grain movement by rail as being part of a critical public good that not only allowed successful export-oriented grain agriculture but also maintained rural communities; whereas, the railways stressed their position as profit-driven businesses providing the service of grain movement. The differing understandings appear with the Snavely Commission as well. The submissions in both hearings show evidence of a shift toward considering a business-orientated approach to the system with less government regulation.

The reports of the two commissions and the immediate federal government actions taken on their recommendations in 1977 are the focus of Chapter Seven. This chapter argues that the Hall Commission's report reflected the importance of grain movement to the prairie provinces as relayed by local participants. It encouraged greater government involvement in the grain handling and transportation system to provide the most benefit to the prairies both socially and economically. The Snavelly Commission, on the other hand, emphasized a revenue-driven approach that focused on business interests. Comparing the reactions to the Hall and Snavelly Commissions highlights divisions between regional and national interests. By discussing the government reactions, this chapter highlights the division created between the prairie agrarian community and their allies, who supported the Hall Commission's recommendations, and the federal government that made clear that it would not strictly follow an agenda set by prairie agricultural interests.

While the dissertation focuses on Crow rate debate throughout the 1960s and 1970s, the Crow rate ended in 1983 when the federal government enacted the Western Grain Transportation Act (WGTA); chapter eight provides a brief discussion of the period immediately prior to the legislation. It argues that the fracturing of the agrarian community along commodity lines combined with the strong emphasis on improving railway revenues created conditions that allowed the federal government to end the Crow rate. These events, however, exacerbated the alienation of the prairie agrarian community from Ottawa.

This research demonstrates that examining the debate over changes to grain handling and transportation provides a new example of the shift toward prioritizing policies reducing government spending and lessening restriction and regulation of private businesses. By the 1960s the grain handling and transportation system had developed into one that required considerable government spending and regulation to retain its structure, especially in regard to grain freight rates. This position was at odds with the increasing emphasis on more freedom for businesses to act as the market dictated by reducing regulation. The shift toward prioritizing business combined with a focus on improving farm incomes through Canada's increased market share of the international grain trade ultimately resulted in a sense of alienation in Saskatchewan's rural agrarian communities as the federal government did not prioritize the majority of their input into

the consultation process when it initiated changes to the structure of the grain handling and transportation system.

Methods and Sources

This dissertation examines the public debates around the grain handling and transportation system between 1965 and 1983. An important source for this study is the material generated by the Hall and Snively Commissions, which were very public consultations investigating all aspects of grain handling and transportation system in order to make recommendations on how to revitalize it. While historians have not previously used materials from the Hall and Snively Commissions, materials generated by commissions on other issues appear in historical work.⁸⁸ In Canada, governments often call commissions as a way to defer taking action on controversial matters or to grow support for a policy change by creating a commission to hear public opinions before ostensibly making recommendations based on those investigations. Yet, governments rarely follow a commission's exact recommendations.⁸⁹ As such, examining a commission's recommendations provides a way to look at the differences and similarities between government reaction to a commission's reports and the submissions made during its investigative phase. More importantly, especially for this dissertation, are the significant amounts of material generated by a commission during its investigative stage where it holds hearings and solicits reports from experts. These materials reveal the views of people and organizations involved in the issue under examination. Looking at how they present their viewpoints demonstrates not only the diversity of positions, but reveals how people manoeuvred to present those views effectively and persuasively. From the participants and expert reports, it is possible to draw a clear understanding of the divisions over an issue and the support for those various positions. Looking at these commission materials provides a window into public and organizational understandings of the issue within the wider framework of Canadian policies, social mores, and legislation. This dissertation, therefore, uses the materials from the Hall and

⁸⁸ For example see: Paul Litt, *The Muses, the Masses, and the Massey Commission* (Toronto: University of Toronto Press, 1992).

⁸⁹ Gregory J. Inwood and Carolyn M. Johns, "Forward," in *Commissions of Inquiry and Policy Change: A Comparative Analysis*, eds. Gregory J. Inwood and Carolyn M. Johns (Toronto: University of Toronto Press, 2014), vii. The chapters in Inwood and Johns' book provide examples of government approaches to commissions and their recommendations.

Snaveley Commissions to examine the views of both private and public individuals and organizations with a stake in the progression of the grain handling and transportation system.

The transcripts from these commissions show the verbal submissions to the hearings and the way that some participants, such as the Saskatchewan Wheat Pool, presented oral testimony to support their written submissions. Examining the commission transcripts gives access to the questions asked by the commissioners, which is important for understanding what aspects of the submissions, both verbal and written, interested the commissioners at that time. In turn, this understanding provides a more nuanced background for understanding the final recommendations of the commissions. While these commissions held public hearings, they were also dealing with commercially sensitive information, especially related to railway costing, therefore the commissions provided private hearings for some participants. The commissions had transcripts created for these private hearings. Files for the commissions held at Library and Archives Canada contain some of these transcripts. Being able to access these transcripts allowed for a comparison between the private and public framing of testimony. This comparison is particularly important when examining the participation of Canadian National and Canadian Pacific railways since their private comments tend to be more direct about issues related to costing and planning. The MacPherson Commission, which reported in 1961, influenced the debates over the grain handling and transportation system. The dissertation takes a similar approach to the material generated by it but focuses more on the final report of the commission because it influences the debates over transportation.

Hansard provides another significant source of research material for this dissertation. Hansard is the official record of the debates in government. It provides a transcript of the proceedings, which allows access to what elected officials have said verbatim save for critical grammatical and editorial revisions. Using the federal Hansard for the Parliamentary Debates is important because it shows how federal politicians presented themselves, which reflects what they perceived to be the majority sentiment in the ridings they represented; as politicians they tried to strike a balance between representing the interests of their riding while remaining aligned with their party's policies. Examining what issues opposition politicians raised related to the grain handling and transportation system provides a window into how they framed these issues for a national stage. Secondly, looking at the comments made by the governing party allows for

analysis of how they presented government policy for public consumption as well as how they defended those policies.

Another important source to access public debate over the grain handling and transportation system is newspaper reports. Relying on a variety of newspapers from national publications, such as the *Globe and Mail* to local papers like the *Saskatoon Star-Phoenix*, this study also relies heavily on the Saskatchewan Wheat Pool financed *Western Producer*, which was the primary agricultural newspaper on the prairies and especially in Saskatchewan. The *Western Producer's* focus on the importance of informing its readers about federal agricultural policy is obvious since it had a reporter stationed in Ottawa. The news stories in the paper point not only to what issues its staff considered important to the prairie agrarian community but also shows the stories relative levels of importance through their placement within an issue; a story on the cover of an issue was of a higher importance than one tucked behind the classified ads section. It is equally important to examine the editorial content in the paper as that provides access to how the paper was framing agricultural issues for its readers. The majority of its readership would have been at minimum sympathetic to its editorial views. Therefore, examination of editorials also helps to show the public mood around agricultural issues.

Ultimately, these sources, as well as other less frequently used sources, provide the data from which the dissertation examines public understanding of the function and history of the grain handling and transportation system and public reaction to both proposed and actual changes to the grain handling and transportation system. It also uses these sources to investigate the federal government's public presentation of its policies related to the grain handling and transportation system. The dissertation relies on a close reading of the sources to analyze not only what sources say or write but also the framing of ideas through the language used to present them. It also looks at how language, through phrasing and framing, places ideas of the grain handling and transportation system within wider national debates and cultural zeitgeist. The dissertation uses this approach because it focuses on public debates and responses to changes to the grain handling and transportation system.

Conclusion

Grain handling and transportation infrastructure shaped the geography of the prairies as part of the settlement process. The wooden elevators served by rail branch lines remain a

symbol of the prairies as much as wheat fields and open skies. Despite their symbolism, there are few of these wooden elevators remaining in the prairies as the elevator network consolidated and the railways removed the branch lines serving them largely, but not exclusively, as a result of the changes to transportation policies. This dissertation examines the early stages of changing federal policy around grain transport by rail during the 1960s and 1970s that ultimately created the conditions that led to the decline of wooden elevators and removal of branch lines. It argues that the grain transportation policy, in particular the Crowsnest Pass Agreement that put a ceiling on grain freight rates, became the subject of vigorous debate over not just finances, but government involvement in grain movement and its relationship with the railways. The federal government's belief that it had to revise grain transportation policy stemmed in part from its attempts to solidify Canada's reputation as a reliable international grain supplier as a way to answer declining farm incomes by opening new markets instead of restricting production. The strong backlash from the prairies, led by Saskatchewan agrarian organizations and their supporters, highlights how the people involved in grain farming did not support the federal government policies. Their participation in federal commissions to examine ways to change the grain handling and transportation system shows that despite their disagreement, Saskatchewan's agrarian organizations still felt that their involvement in the commissions would result in recommendations supporting their position. Ultimately, the federal actions ignored many of these key recommendations, which created feelings of resentment and alienation in the prairie agrarian organizations. By examining these issues, this dissertation adds another aspect to considering the genesis of western alienation and it highlights how a short-term revenue-driven approach influenced debates around agriculture and transportation policy.

Chapter Two: The MacPherson Commission

The 1957 federal election campaign was a tight race. C. D. Howe, who made his fortune building grain terminals, spoke in Morris, MB from his position as the Minister of Trade and Commerce to support the local Liberal candidate. He reportedly entered into the following exchange with a local farmer: “Mr. Howe: ‘... and we’ve dealt with the butter and the cheese problem...’ The farmer: ‘Yes, that’s for the east. What about the west?’”¹ This exchange was soon followed by “another questioner read[ing] a newspaper clipping which said Mr. Howe blamed the [grain] surplus at Weyburn on the boxcar shortage and a letter from the wheat board saying the boxcar situation wasn’t to blame. Who was the farmer to listen to[?], he asked, and the crowd cheered.”²

These reports of Howe’s reception at the Morris meeting suggest that prairie farmers saw the Liberal government as failing to recognize and solve grain movement and pricing problems. Throughout the 1950s the prairies experienced high grain yields and low prices—a situation hardly conducive to stable farm incomes.³ The 1957 election of the Conservative party led by Saskatchewan-based John Diefenbaker promised that the federal government would have strong representation from the prairie west, with the potential to address grain problems to the

¹ Exchange between C. D. Howe and farmer [unnamed] quoted in C. F. Wilson, *C. D. Howe: An Optimist’s Response to a Surfeit of Grain* (Ottawa: Grains Group, 1980), 605.

² Farmer [unnamed] quoted in Wilson, *C. D. Howe*, 606.

³ The International Wheat Council, which administered the International Wheat Agreements (see chapter three), attributed the improved yields of its industrialized member countries, including Canada, to the growing use of fertilizers and mechanization as well as increased land use. In Canada land use was a minor contributor to rising yields. Between 1951 and 1961 farmland acres in the prairies only increased by 0.3 percent while at the same time the amount of fertilizer purchased increased by sixty percent.

International Wheat Council, *Trends and Problems in the World Grain Economy*, (London: International Wheat Council, 1966), 2; Discussion of the formation and work of the International Wheat Council appears in “International Wheat Council,” *International Organization* 9, no. 3 (1955): 455-57; Dominion Bureau of Statistics, *1961 Census of Canada: Agriculture, Bulletin 5.1-1* (Ottawa: Queen’s Printer, 1963), Table 2, 2-1. Fertilizer purchases in the prairies calculated using Dominion Bureau of Statistics, “Table 3: Sales of Fertilizers, Except for Manufacturing Purposes, during the Year Ended June 30, 1950,” in *Fertilizer Trade*, (Ottawa: Queen’s Printer, 1952), D-4; Dominion Bureau of Statistics, Table 3: Sales of Fertilizers, Except for Manufacturing Purposes, during the Year Ended June 30, 1960,” in *Fertilizer Trade*, (Ottawa: Queen’s Printer, 1961), 6.

satisfaction of the prairies. As a prairie populist, Diefenbaker had campaigned on a message of Canada first nationalism, which included strengthening the economy through import tariffs.⁴ One part of this strategy required securing new grain markets and improving rail transportation to move grain to new international markets.

Diefenbaker's government took swift measures to implement this strategy. He initiated a Royal Commission (the MacPherson Commission) to investigate how to transform Canada's transportation industry. One of the most contentious parts of the Commission's investigation was its suggestion to increase the Crowsnest Pass Freight Rate that limited the rates for grain movement. For western farmers and their elected representatives, including Diefenbaker and the federal Conservative party, the Crow rate was a long-term promise of regulated freight rates from the federal government to the west for their benefit.

This chapter provides a brief history of the creation of railways in the Canadian prairies and government policy around grain freight rates, in particular the introduction of the 1897 Crowsnest Pass Agreement. This history demonstrates the public framing of government policy in relation to grain movement by rail as being part of the national interest. The contentious nature of proposed changes to the Crow rate stem from the understanding of the rate as not just a policy but a promised pillar of the prairie economy. Although Diefenbaker promoted and focused on improving the west, the Royal Commission on Transportation brought the promise of the Crow rate into question. The divided recommendations of the MacPherson Commission reveal the emerging tension between the older model of government policy and spending to drive economic development and the new ideal of reducing government involvement to stimulate private investment.⁵ The MacPherson Commission played an influential role in changing the narrative around grain transportation, and it laid the groundwork for a more neo-liberal approach to grain transportation.

⁴ Asa McKercher, "Dealing with Diefenbaker: Canada-US Relations in 1958," *International Journal* 66, no. 4 (2011): 1043-1060; George Grant, *Lament for a Nation: The Defeat of Canadian Nationalism*, (Carlton University Press, [1965] 1995).

⁵ Thomas I. Palley, "From Keynesianism to Neoliberalism: Shifting Paradigms in Economics," in *Neoliberalism: A Critical Reader*, ed. Alfredo Saad-Filho and Deborah Johnston (London: Pluto Press, 2005): 20-29.

An Overview of Rail and Grain Production on the Prairies

The importance of rail transportation to the prairies in relation to grain transportation is difficult to overstate. Grain is a high-volume commodity that requires considerable space to store and transport. With their settlement focus on export-oriented agricultural production, the prairies required a transportation system that could move grain in significant quantities over considerable distances to reach ships at ports on the Great Lakes, Churchill, or the west coast. Railway transportation was, and remains, the only feasible way—in terms of both time and costs—to move grain such long distances. Overland freight costs were expensive, meaning that grain had to sell at a premium for prairie farmers to realize a profit. To meet this need, prairie farmers and the Canadian government built up a complex system over decades.⁶

There were two important requirements in this system i) marketing of grain in the interests of farmers and ii) movement of grain. Created in 1935, the Canadian Wheat Board (CWB) marketed prairie grain by metering it into the world market to avoid oversaturation driving down the price. In order for grain to arrive at the CWB's customers, two system components combined to move the grain. First, farmers delivered grain to grain handling companies, predominantly the three prairie wheat pool cooperatives, then the companies transferred the grain onto rail cars for the railways to move to a port where grain terminals loaded it onto ships destined for the CWB's overseas customers. Key to this system was the CWB's single-desk selling for the supply side of the equation combined with effective transportation between the prairies and the ports.

Two national railways move grain in Canada. Canadian Pacific Railway (CPR), the oldest railway company, received the contract to build the transcontinental railway in 1880 that British Columbia required to remain in confederation. CPR was a private company that focused on profit. As part of its agreement to build the transcontinental railway, the federal government guaranteed the CPR monopoly access to the prairies. Having a monopoly on rail transportation meant that it competed with no other rail company to move goods or people into and out of the prairie region. Since CPR had a legal monopoly in the prairies and freight rates were notably higher than in central Canada, there was a long-standing belief in the prairies that CPR was

⁶ By far the most exhaustively detailed description of government policy surrounding this process appears in C. F. Wilson, *A Century of Canadian Grain* (Saskatoon: Western Producer Prairie Books, 1978).

gouging its captive market.⁷ Indeed, the CPR practiced discriminatory freight rates based on the region. Discriminatory freight rates meant that there was not a single rate but instead the rate varied based on location and shipping distance so that those regions of Canada, like the prairies, without competing railways paid higher freight rates than places with competing rail companies. The prairies faced higher rates not only because of the monopoly but also due to the greater distances. Prairie residents questioned this explanation given CPR's monopoly and its clearly stated preferences for building branch lines based on their revenue potential rather than the region's needs. The situation created considerable resentment toward the CPR and a strong demand for the federal government to allow rail competition in the region.⁸

Rail competition came to the prairies after a vigorous campaign by the Manitoba government to engage more railways through granting charters and later attempting to create its own railway.⁹ Although the federal government blocked these attempts, the political situation in Manitoba made it obvious that local residents would not tolerate the government's enforced railway monopoly. To maintain harmony within confederation the federal government removed CPR's monopoly in 1888 so that competitors to CPR would build more railways thereby reducing freight rates through competition as the settlers desired.¹⁰ CPR did receive financial compensation from the federal government for the loss of its monopoly although on the prairies, where dislike of the CPR was already high, compensation seemed unnecessary.¹¹

Although rail lines into the United States operated from Manitoba, it was not until the 1899 creation of Canadian Northern Railway that a railway company emerged directly challenging the CPR's dominance in the prairie region. Canadian Northern relied heavily on public funding, much like the CPR did during its own construction projects. Yet, the anti-CPR sentiments on the

⁷ Leonard D. Nesbitt, *Tides in the West: A Wheat Pool Story* (Saskatoon: Modern Press, 1962), 337-342; T. D. Regehr, "Western Canadian and the Burden of National Transportation Policies," in *The Prairie West: Historical Readings*, 2nd ed. ed. R. Douglas Francis and Howard Palmer (Edmonton: Pica Pica Press, 1995), 264-284.

⁸ T.D. Regehr, "Serving the Canadian West: Policies and Problems of the Canadian Northern Railway," *The Western Historical Quarterly* 3, no. 3 (1972): 285-286.

⁹ A full discussion of the Manitoba government's attempts to get rail competition appears in T. D. Regehr *Canadian Northern Railway* (Toronto: Macmillan Company, 1976), 1-101.

¹⁰ See Ken Cruikshank, *Close Ties* (Montreal: McGill-Queen's University Press, 1991) especially pages 36 – 40.

¹¹ Regehr, "Western Canada and the Burden of National Transportation Policies," 270.

prairies allowed Canadian Northern to present itself as a regionally-based railway—essentially by portraying itself as an underdog coming from the prairies and tapping into regional sentiments of alienation fueled by CPR’s discriminatory freight rate policy. Despite its presentation as a champion of the prairies, at its core the CNR was a private profit-driven business; thus, it encountered similar problems to Canadian Pacific in terms of its rail network failing to generate adequate profits to finance its construction projects. In 1917 the federal government functionally took control of Canadian Northern due to its financial problems. A year later the government merged it with the other financially insolvent railway companies to create a conglomerate: the Canadian National Railways (CNR).¹² The federal government assumed control of these railways in response to public concern that if the railways ceased operations then vital transportation routes would be lost. Canadian Northern, for example, had competed with Canadian Pacific by building duplicate lines into key cities and by building branch lines to service areas that CPR did not.

While the local branch line networks provided important transportation of goods and people within the region, and linked prairie communities to other regions both nationally and internationally. For prairie farmers and the CWB, in particular, access to the export grain trade demanded a robust rail network to move grain out of the prairies to these markets. While Britain had long been a significant importer of Canadian grain, by the 1960s this relationship was beginning to change as Britain focused on reducing its reliance on imports and trying to import more from European countries as part of the Common Agricultural Policy.¹³ Officials at the CWB looked for other markets to absorb Canada’s increased production. China held the greatest promise and the CWB worked hard to increase its access to that market.¹⁴ Securing this market had important consequences for prairie farmers, but it also meant shifting transport routes

¹² The formal merger did not occur until 1923 despite Canadian National Railways managing Canadian Northern Railway’s assets since 1918.

¹³ André Magnan, *When Wheat was King: The Rise and Fall of the Canada-UK Grain Trade* (Vancouver: UBC Press, 2016), 63-67.

¹⁴ William Morriss, *Chosen Instrument II*, (Winnipeg: Canadian Wheat Board, 2000), 24. For details of early sales and negotiated agreements with China see pages 7-37.

towards western ports in British Columbia. Before strong ties to Asian markets, the majority of export grain transport moved east through the Great Lakes and St. Lawrence Seaway.¹⁵

Although the federal government removed the Crow rate during the First World War, the 1925 Railway Act re-established it, thus enshrining the Crow rate as an integral part of the grain transportation system, the question of the appropriate level for grain rates continued to create political tension.¹⁶ The economic dependence of the prairie region on grain exports meant that the federal government used regulation, either directly or indirectly through the Board of Railway Commissioners, to mimic an atmosphere of perfect competition for grain transportation.¹⁷ The federal government's rate policies for grain were a critical part, as historian Ken Cruikshank argues, of "the government's regional and industrial development policy."¹⁸ Equally important to the rates was the organization of the movement of grain—taking grain from in-country delivery points to port terminals on the railway network. This organization was complex as the railways needed to allocate rail cars in a way that not only emptied full delivery points but also worked with the Canadian Wheat Board's grain sales so that the grain needed to fulfil a sale arrived at the right port at the same time the ship chartered by the customer to move their purchased grain.

By the end of the 1950s the Canadian Wheat Board took over managing the flow of grain from farmers, into grain terminals, and then off to international markets through the allocation of shipping orders. This control helped to utilize the grain transportation system in a way that was not only equitable to prairie farmers but also "provided for the movement of the grains and

¹⁵ For a greater discussion on the importance of Canada-China relations during this period see Angela Graham, "'A Colossus and a Conundrum': Canada, The United States, and Canadian China Policy, 1942-1970" (PhD diss., McMaster University, 2007) especially chapters 4 and 5.

¹⁶ The 1925 Act is why the Crow rate is also known as the statutory rate. E. P. Reid, "Statutory Grain Rates," in Royal Commission on Transportation [MacPherson], *Royal Commission on Transportation*, Vol. 3, Chief Commissioner Murdoch MacPherson. Ottawa: Queen's Printer, 1962), 373-374; Julius Lukaszewicz, *The Railway Game: A Study in Socio-technological Obsolescence* (Montreal: McGill-Queen's University Press, 1976), 114. For a discussion of the issues surrounding freight rates, including the Crow rate, and their setting by the Board of Railway Commissions during the First World War see Cruikshank, *Close Ties*, 127-155.

¹⁷ Cruikshank, *Close Ties*, 180-185.

¹⁸ Cruikshank, *Close Ties*, 184.

grades of grain required to meet domestic and export commitments.”¹⁹ Effective allocation of railcars was a critical part of how purchasers received reliable deliveries of Canadian grain; and, the CWB sold grain with the promise of reliable delivery.

Although port terminals stored grain, the decentralized in-country elevator system stored the majority of grain. The drawback to this system was that if the year’s exports were slow it soon became difficult for farmers to deliver their grain since the local elevator did not empty as quickly as needed. Delivery problems and their associated transportation problems were a perennial topic in the *Western Producer*, the major agricultural paper in the prairies, as well as in regional and local papers. In its own reports, the Board noted “inequality among delivery stations . . . resulted in part from an inadequacy of transportation.”²⁰ The Board used a delivery quota system to promote equality between farmers to prevent farmers in any particular area from being stuck holding grain on farm for unusually long periods due to elevators that had not been emptied. Essentially these quotas were a mechanism to provide equal access to the grain handling and transportation system.²¹ Moreover, delivery quotas provided financial equality by guaranteeing grain sale income to all farmers since each one delivered a set amount of grain within the year, thus, providing them a share of the CWB’s sales and price pooling.²² The emphasis on quota and equality across the prairies was a way to prevent accusations of favouritism toward particular areas or toward grain companies with delivery points in those areas. The importance of having fair treatment and the lack of it was a critical part of both western alienation from central Canada and regional alienation within the prairies.

Quotas helped to address lingering concerns about favouritism or unfair advantages, but it did not adequately deal with variations in production across the prairies. This oversight was particularly unfortunate for areas of higher production. Storage facilities filled quickly in high

¹⁹ Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1957-1958*, (Winnipeg: Canadian Wheat Board, 1959), 3.

²⁰ Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1955-1956*, (Winnipeg: Canadian Wheat Board, 1957), 4.

²¹ Andrew Schmitz, Hartley Furtan, Harvey Brooks, and Richard Gray, “The Canadian Wheat Board,” *Choices* 12, no.1 (1997): 37.

²² For an example of the management of delivery quotas see Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1957-1958*, 3-5; Magnan, *When Wheat was King*, 74.

production areas, while those in areas with lower production (for reasons ranging from lower soil fertility to poor weather) facilities remained able to take deliveries. For the individual farmer, high production meant they met their quotas well before their harvest ended so they had to store their grain on-farm rather than immediately realize greater incomes due to a greater yield. In years when export demand was very uneven or transportation became an issue, farmers in high production areas demanded that the CWB do something about their plugged elevators.²³ In letters they expected the Board to solve this problem through increased sales and to aggressively discipline the railways to move grain cars through their local elevators faster.

In addition to the expected fluctuations in export demands, prairie agriculture also had to contend with the problems of harsh winters in a way that many of the competing exporting nations, including Australia, Argentina, and much of Europe, did not. Although harsh winters meant stored grain froze reducing spoilage, this benefit was not enough to off-set difficulties in movement created by winter conditions such as snow-drifted rail lines slowing or, in the worst cases, preventing trains from moving through the region at all.²⁴ Even after leaving the prairies, winter conditions created problems as trains moving through the western mountain ranges had to contend with deep snow and avalanches making the tracks impassible until snow ploughs and crews cleared them.²⁵ In the 1955-56 crop year, for example, export demand picked up during the winter months leading to issues with service as the railways were “handicapped by severe winter weather” and had to allocate larger than expected quantities of equipment to grain movement at a time when they traditionally expected more movement from other types of shippers.²⁶ Ensuring timely grain delivery was important during this crop year as purchases from

²³ For examples see letters held at LAC Canadian Wheat Board fonds, secretary files.

²⁴ For an example of winter conditions benefiting grain production see: “Weather Lends Hand: Save 250 Million Bushels of West’s Grain Crop,” *Globe and Mail* 2 May 1952.

²⁵ The on-going problem of how to keep the railway lines cleared during the winter received epic treatment from *Popular Mechanics* in December 1951 with a cover-story article that highlighted how “constant vigilance and improvement in the mechanic equipment now has boosted Canadian National snow crews to a ranking of most efficient in the world.” Harry Rowed, “Canada’s Battle with Snow Begins,” *Popular Mechanics* 96, no. 6 (December 1951): 99-102, 274, 276.

²⁶ Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1955-1956*, 3. The Canada Grain Act defines a crop year as August 1 to July 31 of the following year. Canada Grain Act (1970-71-72, c. 7, s. 1) R.S.C., 1985, c. G-10, Section 2.

Europe had increased Canadian grain sales, which drew down carryover grain stocks on the prairies.²⁷

The rising carryover stocks were the culmination of agricultural research into improved crops and production techniques and favourable weather conditions creating a series of high yields throughout the 1950s that left the prairies awash in more grain than the CWB could sell in a year.²⁸ The high grain yields made the problems with the movement of grain much more obvious as the system struggled to deal with the increased volume. Although this problem directly affected western grain farmers, its effects were not isolated to that region since earnings from agriculture returned to the Canadian economy. The United Grain Growers pointed out in 1958 “we have in Western Canada more grain than can be promptly marketed, and more than available storage will accommodate...the producer, unable to cash in on the full value of his grain, spends more slowly than he would otherwise do and the whole economy of the country is affected.”²⁹ Thus, the federal government had incentive to work with and encourage the CWB to pursue “an aggressive sales policy” not only for the benefit of prairie farmers but also for the benefit of their communities, the prairie provinces, and ultimately the national economy.³⁰

Even in years when export demand was more consistent and the weather was more cooperative, the Board still noted at the end of the 1957/1958 crop year that “a policy of selective shipping” was the only way to fully and effectively use the grain handling and transportation system.³¹ This policy, however, prevented total equality between farmers delivering grain, which put public pressure on the railways to improve their services. Thus, the CWB consistently reported they received “adequate” services from both the railways and lake vessels.³² Although,

²⁷ “Communist Demand for Our Grain Means Sharp Slash in Carryover,” *Globe and Mail*, 1 August 1956.

²⁸ Commission to Inquire into the Distribution of Railway Box Cars [Bracken], *Report of the Inquiry into the Distribution of Railway Box Cars*, Chief Commissioner John Bracken, (Ottawa: Queen’s Printer, 1959), 1, 57.

²⁹ United Grain Growers quoted in Bracken, *Report of the Inquiry into the Distribution of Railway Box Cars*, 1.

³⁰ Bracken, *Report of the Inquiry into the Distribution of Railway Box Cars*, 58.

³¹ Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1957-1958*, (Winnipeg: Canadian Wheat Board, 1959), 3.

³² Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1956-1957*, (Winnipeg: Canadian Wheat Board, 1958), 3; Canadian Wheat Board, *Report of the Canadian*

this description was not particularly effusive, their reports made no suggestions for improving services. At the same time, CNR reported its revenue could not offset its costs for moving export grain.³³ Concurrently, western politicians urged the federal government to address the problem of grain car allocation—specifically the fact that their constituents were not receiving as many grain cars as they needed when they needed them. CNR suggested that any fault in car allocation lay with the CWB’s procedures not with the railway’s number of cars. Despite this claim, farmers and politicians received no definitive answer on whether the problem lay with the overall lack of rail cars or their distribution.³⁴ It was clear, however, neither farmers nor the railways were satisfied with the grain transportation system. The railways favoured increased rates and, ideally, less regulation, while farmers wanted to retain the current rates and increase the boxcar fleet. The grain handling companies remained focused on emptying their elevators. In short, the problem of how to move grain off the prairies efficiently and at what cost remained unresolved.

In an attempt to find a solution the Diefenbaker government appointed former Manitoba premier John Bracken to investigate car allocation related to grain movement.³⁵ With a limited scope, the inquiry did not provide advice on the total number of boxcars though it did note “the huge investment in these [cars] and the thousands of miles of railroad over which they travel, makes it essential that rail operations be efficient.”³⁶ The report provided supplemental information on freight rates and Bracken made oblique reference to freight costs. He recommended that “restrictions and rigidities in procedure get in their [the railways’] way... [they are] concern[ed] lest any new regulations interfere with their efficiency and thereby increase their costs of transportation.”³⁷ Bracken carefully avoided directly referencing freight rates, but his report reflects the influence of the wider discussions occurring in agricultural policy. The Bracken Inquiry suggested a new formula for rail car allocation that the CWB embraced, but it

Wheat Board on the 1957-1958, 3; Canadian Wheat Board, *Report of the Canadian Wheat Board on the 1959-1960*, (Winnipeg: Canadian Wheat Board, 1961), 4.

³³ “Freight Revenue Less than Cost of Hauling Grain,” *Globe and Mail* 21 March 1956.

³⁴ “Board blamed or Wheat Tie-Up During Winter,” *Globe and Mail* 22 March 1956; “Use Authority to Get Boxcars, St. Laurent Urged,” *Globe and Mail* 26 April 1956.

³⁵ Canada, Parliament, *House of Commons Debates*, 23rd Parl, 1st Sess, Vol 4, (31 January 1958), 4085.

³⁶ Bracken, *Report of the Inquiry into the Distribution of Railway Box Cars*, 61.

³⁷ Bracken, *Report of the Inquiry into the Distribution of Railway Box Cars*, 61.

did not solve the problem of grain building up in the prairies.³⁸ Equally importantly, the Bracken Inquiry did not directly address costs associated with rail car allocation or grain transportation in general. Therefore, the agricultural community continued to debate the costs of the system—especially the statutory Crow rate. Just as before the Bracken Inquiry, the railways remained firm in their stance that grain rates prevented them from achieving adequate revenue to offset the costs of moving grain, while farmers, their organizations, and the prairie provincial governments disagreed. Despite a new car allocation policy known as the “Bracken formula” implemented in 1958, arguments about costs remained consistent throughout the 1950s, as did the farmers’ perspective the grain transportation system was not working in their best interests.³⁹

The Royal Commission on Transportation 1959-1961

In an effort to more clearly address the problem of the railways’ grain transportation costs the Diefenbaker government appointed a royal commission in 1959. Despite Diefenbaker’s strong ties to the prairies, and that his government often made policies in the spirit of improving situations in the region, prairie farmers and their organizations remained cautious of any investigation into rail costing. The new commission warranted extra caution as unlike the recent Bracken Inquiry, the head commissioner, Ontarian Charles McTague, had few connections to agriculture. As former head of both the National War Labour Board and the Ontario Securities Commission, as well as being involved in several conciliation boards that dealt with maritime unions on the Great Lakes, McTague had connections with labour relations and industry finance.⁴⁰ Choosing McTague as head of the commission signalled a different approach and perspective, one specifically about labour relations and national industry. Diefenbaker defended the Commission when he announced it in the House of Commons. He noted that “the Minister of Public Works as acting prime minister... assured the western farmers that such review would

³⁸ Bracken, *Report of the Inquiry into the Distribution of Railway Box Cars*, 66-67; Canadian Wheat Board, *Report of the Canadian Wheat Board Crop Year 1959-1960*, (Winnipeg: Canadian Wheat Board, 1960), 4-5. A detailed discussion of the problems of grain movement appears in Wilson, *C.D. Howe*, especially pages 476-482.

³⁹ William E. Morriss, *Chosen Instrument: A History of the Canadian Wheat Board: The McIvor Years* (Winnipeg: Canadian Wheat Board, 1987), 244.

⁴⁰ Christopher Armstrong, *Moose Pastures and Mergers: The Ontario Securities Commission and the Regulation of Share Markets in Canada, 1940-1980* (Toronto: University of Toronto Press, 2001), 54; “McTague out as Chairman in Rail Dispute,” *Toronto Star* 1 February 1958; Taylor Hollander, *Power, Politics, and Principles: Mackenzie King and Labour, 1935-1948* (Toronto: University of Toronto Press, 2018), 133-34

not mean that they would have to pay more freight on the shipment of grain for export.”⁴¹ Although his statement was not directly about the Crow rate, it gestured toward a promise the grain transportation rates would remain unchanged. Diefenbaker, however, went farther in pledging that grain freight rates would not change. He tied the Crow rate to the national policy’s development of Canada, as he explained: “the Crowsnest pass rates are part of a bargain that was made between the railways and the government on the one hand and the settlers who went west on the other hand. We intend, in so far as this government is concerned, to see to it that that contract shall not be broken.”⁴² Even though Diefenbaker’s government had called a commission to examine freight rates and railways, it essentially promised that if the commission recommended changes to the grain rates, a Diefenbaker government would not implement them. Through this set-up Diefenbaker reinforced the contention that changes to the Crow rate would be counter to a historical bargain between prairie farmers and the federal government.

The contentious nature of investigating the statutory rate was not a new problem for federal governments attempting to revise Canada’s transportation sector. Indeed, the railway rate problems facing Diefenbaker’s Commission were long-standing regional and agricultural problems. In the west, the issues related to agriculture ran deep and even the concerns raised by British Columbia over mountain rates ultimately related to the movement of agricultural products. Previous governments had initiated commissions to assess them yet problems remained. It is instructive to look briefly at the 1951 Turgeon Commission, which preceded the Diefenbaker government’s Commission on Transportation, as it highlights the difficulties of these regional and agricultural rail problems.

The Question of Fair Freight Rates 1945-1951

The Royal Commission on Transportation, headed by W. F. Turgeon, arose partly in response to the question of what was a fair freight rate stemming from the rulings by the federal Board of Transport Commissioners on freight rates after the Second World War. The Board of Transport Commissioners had to approve requests for increases in railway freight rates. Although originally conceived as an impartial regulator, historian Ken Cruikshank argues that

⁴¹ Canada, Parliament, *House of Commons Debates*, 24th Parl, 2nd Sess, Vol 3, (13 May 1959), 3607.

⁴² Canada, Parliament, *House of Commons Debates*, 24th Parl, 2nd Sess, Vol 3, (13 May 1959), 3608.

the Board became increasingly political in its attempts, strongly encouraged by the federal government, to use rates as a way to promote regional economic growth.⁴³ This politicization of the Board reflects the link between freight rates and regional concerns with provincial governments intervening before the Board to try to gain favourable rate decisions that would economically benefit their province and region.⁴⁴

The setting of freight rates after the Second World War demonstrated the considerable tension between the railways, looking for ways to increase their revenues, and Canada's provinces who depended on rail transport to link their regional economies with the larger national and international markets. After the Second World War, revenues declined for both railways due to a combination of decreased traffic volume and increased wages and supply costs.⁴⁵ They applied for a thirty percent increase in all freight rates except those, such the statutory grain rates, governed by other legislation in 1946.⁴⁶ The request caused great dismay among all the provinces, except for Ontario and Quebec, who saw it as disadvantaging their economies. The other provinces argued that should the Board grant an, in their view unnecessary, increase, it would be unfairly burdensome on both provincial residents and shippers based in those provinces. Essentially, an increase rate was counter to the spirit of the national policy that had underpinned Canada's regional development; regional/provincial economies provided the raw materials for central Canadian manufacturing while serving as a market for

⁴³ Cruikshank, *Close Ties*, 196-209.

⁴⁴ There is a significant body of literature on regionalism, transportation, and freight rates. There is also a strong focus on regionalism and transportation related to the Maritimes for examples of this literature see: T. Stephen Henderson, "A Defensive Alliance: The Maritime Provinces and the Turgeon Commission on Transportation, 1948-195," *Acadiensis* 35, no. 2 (2006): 46-63; Ken Cruikshank, "The Intercolonial Railway, Freight Rates and the Maritime Economy," *Acadiensis* 22, no. 1 (1992): 87-110; James P. Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (Toronto: University of Toronto Press, 1990); E. R. Forbes, "Misguided Symmetry: The Destruction of Regional Transportation Policy for the Maritimes," in David Jay Bercuson, ed., *Canada and the Burden of Unity* (Toronto: University of Toronto Press, 1977), 60-86; Alan Wilson, "Maritime Business History: A Reconnaissance of Records, Sources, and Prospects," *Business History Review* 47, no. 2 (1973): 260-276; W. Acheson, "The National Policy and the Industrialization of the Maritimes, 1880-1910," *Acadiensis* 1, no. 1 (1971): 3-28; Eugene Forsey, *Economic and Social Aspects of the Nova Scotia Coal Industry* (Toronto: MacMillian, 1926).

⁴⁵ A. W. Currie, *Economics of Canadian Transportation* 2nd ed. (Toronto: University of Toronto Press, 1959), 102.

⁴⁶ Currie, *Economics of Canadian Transportation*, 102.

these finished goods. Raw products could only generate reasonable profits for their regional creators if freight rates were low so that raw product prices were favourable for the manufacturers to in turn make a profit selling their goods back into the region—something that could only be achieved if the regional customers could afford to pay both the price of the goods and the freight rates to move them into the region. For example, British Columbia, although benefiting from grain moving through its deep-water ports, was highly concerned because an increase effected the prices of products brought into the province over the mountain passes. The provinces wanted any freight rate increase tempered by acknowledgement of their regional needs—a discriminatory freight rate in their favour or essentially the reverse of CPR’s discriminatory freight rates that had caused so much regional alienation earlier in its history. Thirty percent proved to be too high for the Board, which authorized a still substantial increase of twenty-one percent in 1948.⁴⁷

The eight percent difference between their asked for rate and the authorized rate was clearly a problem to the railways, which applied for an additional twenty percent increase. At the same time, the provinces of British Columbia, Nova Scotia, New Brunswick, Prince Edward Island, Manitoba and Saskatchewan appealed the Board’s authorization of a twenty-one percent increase to the federal cabinet.⁴⁸ They wanted the federal government to overrule its *theoretically* independent Board of Transport Commissioners for the good of the national unity created through the promises of the national policy.⁴⁹

The provinces also contended that the calculation of costs used to arrive at the rate increase was erroneous. In particular, they advanced the idea that the calculation of the railways’ incomes compared to their costs was flawed to such an extent that “had the Board applied the proper principles to the consideration of the financial needs . . . it would have found that the Canadian Pacific’s financial position did not justify any increase rates.”⁵⁰ By siding with the

⁴⁷ Howard Darling, *The Politics of Freight Rates: The Railways Freight Rate issue in Canada* (Toronto: McClelland and Stewart Ltd., 1980), 149.

⁴⁸ Currie, *Economics of Canadian Transportation*, 104-105.

⁴⁹ Ken Cruikshank’s *Close Ties* provides many examples of when the government pressured the Board and took other actions that undermined its independent status.

⁵⁰ *Submissions to His Excellency the Governor General-in-Council in re Freight Rates – 21% case by the Petitioners: The Governments of the Provinces of Nova Scotia, New Brunswick,*

railways instead of the provincial residents and shippers the Board had “lost the public’s confidence.”⁵¹ Instead of making a decision on the appeal, the federal government, led by the Liberal party under Louis St. Laurent, referred it back to the Board. The federal government also bought time to address these problems by calling the Turgeon Commission.⁵²

Freight rates as instruments of regional economic development were a significant part the Turgeon Commission. It had to investigate the Crow rate, the regional rates the prairies and their governments were determined to protect, as they provided economic benefit to that regional economy. The prairie governments explained the importance of these rates:

[t]he Crow’s Nest grain rates represent established national policy, the alternation of which would be ruinous to the wheat-growing areas . . . [t]he continued ability of the Prairie Provinces to play their part in the Canadian economy is dependent upon the prosperity of the wheat producers. Stable grain rates at a minimum cost are essential to that prosperity.⁵³

Their submission in 1950 illustrates how the Crow rate formed a significant part of the economic structure of the prairies. It also shows that not only was there an economic understanding of the importance of the Crow rate but also a historical understanding of the Crow as being a policy designed to place the prairies within the dominion of Canada.

The historical understanding of the Crow rate as “national policy” reinforced the idea that the federal government intended the rates to benefit the prairies but within the context of prairie economic activities providing benefits for other parts of the country (namely central Canada). Essentially, this federal policy created a prairie economy that relied on maintaining federal

Prince Edward Island, Manitoba, Saskatchewan, Alberta and British Columbia, (Ottawa: 27 September 1948), 47.

This line of argumentation is remarkably similar to the issues that Cruikshank highlights in his discussion of the issues surrounding the Board’s decisions on freight rates throughout the 1920s and 1930s. Cruikshank, *Close Ties*, particularly chapters 9 and 10.

⁵¹ Canadian Transportation Agency, *100 Years at the Heart of Transportation: A Historical Perspective* (Ottawa: Canadian Transportation Agency, 2015), 31.

⁵² Currie, *Economics of Canadian Transportation*, 105.

⁵³ *Royal Commission on Transportation: Joint Submission of the Government of the Province of Alberta, The Government of the Province of Saskatchewan, and The Government of the Province of Manitoba: Crow’s Nest Pass Rates on Grain and Grain Products* (Ottawa: Royal Commission on Transportation, 1950), 17-18.

regulations. The Turgeon Commission's final report supported this understanding as it described how the Crow rate "owe[d] their existence to action taken by Parliament, more than half a century ago, intended to assist the grain-growing industry of the Prairies."⁵⁴ It therefore recommended maintaining the Crow rate "under the immediate control of Parliament ... [which] should make whatever changes in these rates, upward or downward, it may appear just and reasonable to make as time goes on."⁵⁵ A long list of participants favoured retaining the Crow rate while a significantly smaller number opposed their retention.⁵⁶ The Commission sided with this larger group. Its recommendation shows that the Commission understood the Crow rate as government regulation of railway transportation to provide favourable conditions for export grain farming in the prairies in order to benefit the Canadian economy.

Despite its support of regionally beneficial Crow rate and the Maritime rates, the Turgeon Commission also recommend more freight rate equalization to quell "protest[s] of unjust discrimination."⁵⁷ Equalization was not the application of the same rate uniformly across Canada

⁵⁴ Royal Commission on Transportation [Turgeon]. *Report of the Royal Commission on Transportation 1951*, Chief Commissioner W. F. Turgeon, (Ottawa: King's Printer, 1951), 238.

⁵⁵ Turgeon Commission, *Report of the Royal Commission on Transportation 1951*, 250.

⁵⁶ The Turgeon Commission lists the following groups as supporting retention: The Governments of Manitoba, Saskatchewan, Alberta and New Brunswick; The City of Winnipeg and the Winnipeg Chamber of Commerce; The Manitoba Federation of Agriculture and Co-operation; The Alberta Federation of Agriculture; The Transportation Commission of the Maritime Board of Trade; The Fort William and Port Arthur Chamber of Commerce; The Canadian Federation of Agriculture; The Canadian Congress of Labour; The Wheat Pools of Alberta, Saskatchewan and Manitoba; The United Grain Growers; The Chambers of Commerce of Calgary and Edmonton; Mr. E. J. Young, a former director of the Canadian National Railways. The commission listed the following groups as opposed to retention: The Vancouver Board of Trade; The British Columbia Fruit Growers' Association; The British Columbia Paper Manufacturers and Converters; The British Columbia Feed Manufacturers' Association; The Canadian Industrial Traffic League; The Canadian Pacific Railway Company. Turgeon Commission, *Report of the Royal Commission on Transportation 1951*, 248-249.

⁵⁷ Turgeon Commission, *Report of the Royal Commission on Transportation 1951*, 48. The federal government legislated the Maritime Freight Rates Act in 1927 two years after it reinstated the Crow rates in 1925. It provided a federal payment to cover twenty per cent of the cost of freight. The Act was a result of Maritime Provinces and shippers advocating for government intervention in their freight rates as they argued the rates had increased more than in other parts of Canada. The freight rate issue was a significant part of the Royal Commission on Maritime Claims chaired by Sir Andrew Duncan. Maritime freight rates were also a significant aspect of the Maritime Rights Movement that sought to address economic policies that it viewed as disadvantaging the Maritime Provinces. For more discussion of this topic see: Cruikshank,

but the application of the same weight (i. e. the proportion of freight cost across a given distance would be equal for shippers across the country). As the Commission noted, freight rate practices clearly caused regional discontent as “the seven provincial governments have united to complain of it; while on the other hand the two central provinces raised no protest whatever.”⁵⁸ The Commission suggested equalization approaches that could make the general rate increases more palatable for shippers across the country. Ultimately, the federal government did little with the Commission’s recommendations beyond passing legislation intended to encourage the equalization of rates. Howard Darling, a transportation economist who spent much of his career working for governments and industry dealing with freight rates, gave the blunt assessment that the legislation “failed to fulfil such hopes” of ending the “plausible causes of that regional discontent” within Canada.⁵⁹

By the time the Diefenbaker government called the Royal Commission on Transportation in 1959 the problem of regionally discriminatory freight rates was, once again, too fraught to leave unaddressed. During the period between the Turgeon Commission’s report and the MacPherson Commission, the railways had made a series of requests for increases on all freight rates not protected by other legislation, much to the dismay of shippers outside of central Canada.⁶⁰ In an effort to halt the rising cost of freight for regional shippers the federal government passed the Freight Rates Reduction Act. This Act directed the railways to reduce their planned freight increase even though the Board of Transport Commissioners authorized the increase.⁶¹ By doing this the federal government took an active role in regulating freight rates. It was also signaling its prioritization of regional concerns. Secondly, the Act provided \$20 million to the railways as compensation.⁶² This action set up the government to pay the railways to

Close Ties, 188-195; Darling, *The Politics of Freight Rates*, 95-113; E. R. Forbes, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal: McGill-Queen’s University Press, 1979); A. W. Currie *Canadian Transportation Economics* (Toronto: University of Toronto Press, 1967).

⁵⁸ Turgeon Commission, *Report of the Royal Commission on Transportation 1951*, 47.

⁵⁹ Darling, *The Politics of Freight Rates*, 183.

⁶⁰ For a description of various requested increases see Currie, *Economics of Canadian Transportation*, 109-116.

⁶¹ M. A. Prabhu, “Freight Rate Regulation in Canada,” *McGill Law Journal* 17, no.2 (1971): 309; Currie *Canadian Transportation Economics*, 16-18.

⁶² Prabhu, “Freight Rate Regulation in Canada,” 309.

offset their claimed costs. The government was essentially paying the railways for services in the interest of keeping those services cost-effective for regional shippers. This payment supported the understanding that railway service was a public good. At the same time, the Diefenbaker government stayed any further increases until after the report of the Royal Commission on Transportation.

Investigations and Recommendations of the MacPherson Commission

Unfortunately, health problems forced Charles McTague to resign as chair of the Commission before it had even begun hearings. Instead of bringing in a new person to head the commission Diefenbaker promoted Murdoch MacPherson, already part of the commission, to replace McTague.⁶³ MacPherson brought with him a regional perspective on railway issues having grown up in the Maritimes and made his professional career in Saskatchewan, first as a lawyer then as an MLA for the Conservative party. Even more relevant for his position on the commission, MacPherson had extensive experience dealing with the question of freight rates and grain movement since he was the legal counsel for Saskatchewan's CCF government when it went to court to try to make the railways act in what it considered the spirit of the Crowsnest Pass Freight Rate Agreement.⁶⁴ Prairie farmers, therefore, knew MacPherson had significant experience with transportation especially related to the highly regionally-specific Crow rate. The MacPherson Commission was "to inquire into problems relating to railways transportation in Canada and the possibility of removing or alleviating inequalities in the freight rate structure."⁶⁵ His past experience and background suggested that he might even hold some sympathy toward the problems in the prairies.

The MacPherson Commission's members were chosen from across the country's regions in an effort to show that no region would be under- or unrepresented as had been the case with the Turgeon Commission where none of the Commissioners had, even arguably, been

⁶³ Canada, Parliament, *House of Commons Debates*, 24th Parl, 3rd Sess, Vol 1, (15 January 1960), 9.

⁶⁴ Brett Quiring, ed., *Saskatchewan Politicians: Lives Past and Present* (Regina: Canadian Plains Research Center, 2004), 149. For examples of MacPherson's legal involvement see *re* Railway Association of Canada et al., 1958 CanLII 400 (SCC), <http://canlii.ca/t/gwddh>; *Canadian Pacific Railway v. Province of Alberta*, 1949 CanLII 54 (SCC), [1950] SCR 25, <http://canlii.ca/t/22vtm>

⁶⁵ Canada, *Journals of the Senate of Canada*, 13 May 1959, 380.

representative of the either the prairies or the Maritimes.⁶⁶ To that end, the MacPherson Commission also had more commissioners than the Turgeon Commission including the former president of the Alberta Farmers' Union Arnold Platt, former BC Finance Minister Herbert Anscombe, and Maritime Transportation Commission secretary Howard Mann.⁶⁷ The regional nature of transportation problems was something that the Commissioners were all familiar with so they were "aware even before beginning [their] work that the task entrusted to [them] would be formidable."⁶⁸ The issues around Maritime freight rates and subsidies to offset them had been considerable for the Turgeon Commission with MPs continually raising the subject in parliament over the ensuing years. Appointing Howard Mann as a Commissioner was a way to signal that the Commission took the Maritimes seriously, since Mann had first-hand experience of the issue and advocacy on them.⁶⁹ Given that the previous Commission's makeup received criticism for not representing the interests of the Maritimes or the West, including British Columbia, it was clear that the Diefenbaker government intended the appointments to the MacPherson Commission to avoid this criticism. It was the Maritimes and the West that were loudest in their criticism of railway freight rates and insisted that increasing the rates put them at significant disadvantages compared to Quebec and Ontario. The regional representation provided by the Commission's members was a clear signal that it would give provincial interests significant consideration and any complaint about lack of representation for a particular region would be much more difficult to make than with the previous Turgeon Commission.

The MacPherson Commission separated aspects of transportation into two broad categories: first policies that it considered generally related to aspects of transportation, and second policies that it categorised as part of a national policy designed to further the economic

⁶⁶ Aside from Turgeon, the commission was comprised of Harold Innis from the University of Toronto and Harry Angus from the University of British Columbia. Darling notes that although Angus was supposed to represent the prairies as well as British Columbia it was Innis who showed more favour to the western position on freight rates. Darling, *The Politics of Freight Rates*, 163.

⁶⁷ Darling, *The Politics of Freight Rates*, 214.

⁶⁸ Royal Commission on Transportation [MacPherson], *Royal Commission on Transportation*, Chief Commissioner Murdoch MacPherson, vol. 1 (Ottawa: Queen's Printer, 1961), i.

⁶⁹ Darling, *The Politics of Freight Rates*, 214.

and/or social development of the country.⁷⁰ It was the national policy idea that the western provinces had used as part of their argument for the continuation of the Crow rate before the previous Royal Commission. The MacPherson Commission directly addressed the idea of a national policy to acknowledge the idea of freight rates as an integral piece of national economic policy for Canada. The Commission noted:

Canadian railways provided the means of meeting not only the demands of a developing economy but, also, the goals of national policy directed towards the establishment of national unity ... however, their capacity to carry out this function has been profoundly affected in recent years by important developments which have taken place in the field of transportation as well as in other sectors of the economy.⁷¹

Examining this progression and finding a balance between the national policy and the need to regulate railways within the changing transportation environment was how the Commission saw its mandate.⁷² Unlike the Turgeon Commission, the MacPherson Commission was blunt in its assessment that the railways had gone from holding a monopoly position on freight and passenger movement to being “engaged in a vigorous competitive struggle for the available traffic.”⁷³ The rise of trucking, air travel, and pipelines meant competition for freight and passenger traffic that had previously been the sole domain of the railways.⁷⁴ As with many other aspects of Canadian policy, the division of powers between the provinces and the federal government was also an issue. Different aspects of transportation were under either federal or provincial jurisdiction so that neither had sole discretion.

Truck transport was an area where the struggle between provincial and federal jurisdiction was obvious as provincial governments regulated it and the road network it used unlike other forms of transportation. Compared to rail transport, the trucking industry, especially long-distance trucking, was relatively new but, as the MacPherson Commission noted, it was

⁷⁰ Royal Commission on Transportation [MacPherson], *Royal Commission on Transportation*, vol. 2, Chief Commissioner Murdoch MacPherson, (Ottawa: Queen’s Printer, 1961), 1-2, 5.

⁷¹ MacPherson Commission, *Royal Commission on Transportation*, 1:1.

⁷² MacPherson Commission, *Royal Commission on Transportation*, 1:1-2.

⁷³ MacPherson Commission, *Royal Commission on Transportation*, 1:2.

⁷⁴ MacPherson Commission, *Royal Commission on Transportation*, 1:8.

creating significant competition with the railways especially in central Canada. A critical difference between provincial and federal regulation of transport was transparent rates. The railways, like pipelines and airlines, were “required under regulation to file and publish rates which must be the same for all shippers” but there was no such uniform requirement for trucking.⁷⁵ This difference meant the trucking industry had the ability to use rates for individual shippers that could change based on variables such as the type of goods, the distance of shipment, the level of competition from other transport options, or even the relationship between the shipper and the trucking firm. Since the railways had to publish rates, they did not have the same freedom to adjust rates to reflect conditions in the market or entice customers with preferred rates. The MacPherson Commission pointed to the requirement for publishing rail freight rates as an example of why the railways were unable to keep pace with the changes in the transportation sector. It noted federal government regulations for railways put an emphasis on the railways as part of the national policy that promoted links between the various regions of Canada rather than regulating the railways as if they were the same as any other business. Secondly, the government traditionally regulated railway freight rates to give “high rates on high-value product and low rates on low-valued product,” which did not always reflect the true cost of moving goods.⁷⁶ The Commission found this inequality in rate making between rail and truck transport “resulted in an uneconomic diversion of traffic to competing carriers – with adverse consequences for the railways and for the transportation system as a whole.”⁷⁷

The importance of commercial trucking was a new aspect of transportation that had not appeared in prior Commissions and was of considerable interest to the MacPherson Commission, which looked at it as poised to change all aspects of Canada’s transportation system. The largest area of increasing truck competition according to a report prepared for the MacPherson Commission was “for-hire trucking ... concerned primarily with intercity or highway transport ... [and private trucking which could] be specifically directed to giving specialized service to the shipper’s customers.”⁷⁸ The report considered the for-hire truckers to be trying to compete

⁷⁵ MacPherson Commission, *Royal Commission on Transportation*, 1:10.

⁷⁶ MacPherson Commission, *Royal Commission on Transportation*, 1:14.

⁷⁷ MacPherson Commission, *Royal Commission on Transportation*, 1:14.

⁷⁸ D. W. Carr and Associates, “Truck-Rail Competition in Canada,” in Royal Commission on Transportation [MacPherson], *Royal Commission on Transportation*, vol. 3, Chief Commissioner Murdoch MacPherson. Ottawa: Queen’s Printer, 1962), 4.

directly with the railways as an alternative to the intercity rail freight services. By 1958, this type of trucking accounted for 59.7 percent of the total ton-miles driven while in comparison farm trucking only made up 2.8 percent.⁷⁹ This difference illustrates how the movement of farm production was heavily reliant on rail compared to other goods. Additionally, much of the farm produce moved by truck was either livestock or processed meat as opposed to grain.⁸⁰ In the prairies, the reliance on rail was particularly acute as trucking grain from the prairies to the ports was simply impossible to do at any scale to compete with the railways; grain was too bulky and low value to move in the small volumes handled by trucks. Therefore, despite trucking offering competition to the railways this potential competition was not a concern in the prairies when it came to the essential long-distance movement required for a successful export grain industry.

The railways attempted to compete with for-hire trucking competition by investing in trucking fleets of their own. By 1958 Canadian Pacific was the largest operator of trucking services in Canada after its purchase of the trucking firm Smith Transport, while, Canadian National delayed its entry into trucking until 1960.⁸¹ Both railways kept their trucking branches as subsidiary corporations and focused on using them to help feed traffic into the railway lines, which the report noted was not particularly effective in terms of cost or competitiveness. Instead, it found that railway-owned trucking excelled in competing with for-hire truckers in direct highway service; the railways were competing with truckers as truckers through their fleets.⁸² The rise in railway-owned trucking was causing “independent trucking firms ... [to worry it] could lead to some degree of monopoly of surface transport by the railways.”⁸³ The geographic focus of this competition was central Canada where the railways already competed against each other, which held their rail freight rates relatively low. The increase in competition from trucking did not change the region’s transportation structure but simply expanded the sources of competition. Central Canada was a location where it was not competitive to increase freight rates but at the same time it also was the least effected by legislation holding freight rates down.

⁷⁹ D. W. Carr and Associates, “Truck-Rail Competition in Canada,” 3:5.

⁸⁰ D. W. Carr and Associates, “Truck-Rail Competition in Canada,” 3:25.

⁸¹ D. W. Carr and Associates, “Truck-Rail Competition in Canada,” 3:74.

⁸² D. W. Carr and Associates, “Truck-Rail Competition in Canada,” 3:74-75.

⁸³ D. W. Carr and Associates, “Truck-Rail Competition in Canada,” 3:76.

The federal government's regulations around rail transportation and freight rates encouraged the movement of primary products out of regional areas and into central manufacturing.

The system of freight rate regulation that had been in place for decades was singled out by the MacPherson Commission as being a contributing factor to the railways' declining ability to compete with the newer transportation industries, namely trucking, as well as being a source of frustration to shippers who saw it as creating even greater inequality among shipping areas. Excluding the statutory rates on some goods and services, such as the Crow rate on grain, the regulations allowed the railways to have "horizontal rate increases," which allowed them to raise all their rates by a maximum percentage prescribed by the Board of Transport Commissioners.⁸⁴ The railways could then apply this increase as they saw fit. In theory, the freight rate was supposed to rise equally for all non-statutory goods and services across the country in the spirit of equalization proposed by the Turgeon Commission. In practice, however, the railways were unlikely to raise the rates in areas with significant competition. In areas that were less likely to have competition for product movement (i.e. the low-value products which the MacPherson Commission noted moved disproportionately by rail compared to high-value products) the railways were more likely to apply the entire rate increase sanctioned by the Board of Transport Commissioners. Thus, shippers of non-statutory products in the Maritime Provinces and Western Canada experienced higher rate increases than their counterparts in Central Canada who had access to more transportation options including the competition created by the growing trucking industry.⁸⁵ This situational inequality made it less likely for new industries and producers, who would become shippers, to locate their operations in the Maritime and Western Provinces if they could locate in areas with more favourable transportation costs. The government regulation of the railways in the public interest exacerbated regional disparity because the areas where the railways could increase their rates to increase their revenues were shrinking; the regulations were not fulfilling the function of providing equal transportation services at equalized costs.⁸⁶

The solution offered by the MacPherson Commission broke with tradition and recommended less government regulation. This position indicates the introduction of a focus on

⁸⁴ MacPherson Commission, *Royal Commission on Transportation*, 1:15.

⁸⁵ MacPherson Commission, *Royal Commission on Transportation*, 1:16.

⁸⁶ MacPherson Commission, *Royal Commission on Transportation*, 1:19.

reduced government regulation and a prioritization of market-based competition, which understood regulation as ineffective in creating conditions for competition.⁸⁷ The Commission noted that there was less government regulation for trucking and increasing regulation to further equality would be difficult due to this type of regulation being provincial jurisdiction. Drawing on the American example, the Commission suggested that given the American issues with regulation it was not a solution to try to alleviate transportation market inequalities by regulating trucking to a level matching rail.⁸⁸ Instead, the Commission's first conclusion in its report was that "regulation of transportation in Canada should be minimized as much as possible."⁸⁹ Its premise was that doing so would increase market-driven competition, which would be the best solution to the transportation problems. The Commission viewed regulation as being a significant stumbling block to unleashing "the potential competitive power of the railways" in the transportation industry.⁹⁰ Thus, the answer to the problem of rate transparency and the rise of trucking was not to make trucking rates more transparent but to allow the railways to take action without regulation limiting those actions.

Despite the enthusiasm for reducing regulation to encourage profits, the Commission's recommendations did not endorse a complete removal of all restrictions on transportation. The Commission recognized that the national policy of using the railways to overcome distances, especially large distances, remained necessary. Thus, the commission suggested that if the government put regulations or restrictions in place as part of the national policy then as businesses the railways needed appropriate compensation. This idea applied to places "where it is obvious that the market mechanism does not provide a satisfactory standard due to physical or technological limitations, or available market size, [then] the market mechanism shall be complemented by public policy."⁹¹ It was the first time that an inquiry into transportation issues

⁸⁷ MacPherson Commission, *Royal Commission on Transportation*, 1:20-21, 28-31.

⁸⁸ MacPherson Commission, *Royal Commission on Transportation*, 1:24.

⁸⁹ MacPherson Commission, *Royal Commission on Transportation*, 1:29.

⁹⁰ MacPherson Commission, *Royal Commission on Transportation*, 1:28.

⁹¹ MacPherson Commission, *Royal Commission on Transportation*, 2:4.

and freight rates explicitly recommended giving market forces priority in addressing the nation's transportation system unless there were significant mitigating factors to this approach.

By prioritizing market forces the Commission took the position that the government could no longer treat railways as instruments for nation building in terms of both unity and economic development, and consider them as profit-driven businesses only secondarily. The Commission emphasized that the railways were no longer the sole form of transportation available so it was no longer appropriate for government to regulate them as such. In keeping with the premise that more transportation options meant the government could treat the railways as less of a speciality the Commission recommended loosening regulations. This outcome was in part a reaction to the comparative difficulty posed by regulating all transportation systems to the same level. Instead, deregulating railways decoupled them from the national policy and placed them on a more comparable footing with the trucking industry.

Achieving this outcome required less cooperation between the federal government and the provinces. The division of powers between federal and provincial levels of government meant the provinces had jurisdiction over roads—and consequently trucking, which was the most increasingly wide-spread, dominant, and deregulated form of transportation—while the federal government retained control over rail, air, and maritime transport. More regulation also carried with it the same premise that was causing the federal government issues with the railways, especially providing financial compensation to offset their service to areas they claimed were economically detrimental to their revenues. It is important to understand that if reduced regulation decreased rates it would benefit central Canada while outlying regions, such as the prairies, were unlikely to receive the same benefits. Thus, either the rates in those regions still required regulation or the national economy no longer adhered to the national policy and the regulation of freight rates to promote regionally specific production.

Recommendations about grain freight rates

The MacPherson Commission's recommendations resulted in a deeper set of conversations about how to balance regional, national, and private interests. Despite its support for less regulation, the Commission admitted in some cases reduced regulation was not possible. One such case was area-specific traffic relying on railway transport. Since this kind of traffic was captive to rail transport the Commission recommended "establish[ing] some kind of maximum

rate control on the particular railway rates which move this type of traffic.”⁹² This recommendation implicitly supported the idea that government regulation was still required. Thus, suggesting that in specific circumstances Canada remained in need of government regulation to promote and maintain its economic development.

Grain moving off the prairies fit the description of area-specific and rail dependent traffic. The decentralized elevator network combined with the need to move grain to deep-water ports meant that it would need to move by rail for at least part of the journey given the volumes that had to move from the prairies to the ports each year. The revised Crows Nest Pass Agreement protected grain freight rates by putting a ceiling on how high the rates rose. While the two railways had since the 1920s argued that they did not adequately meet their costs for moving grain under the Crow rate, organized agrarian groups and prairie provincial politicians vigorously defended keeping the rates static. The conflict between the two sides had played out at the Turgeon Commission and resulted in the Commission focusing on the general freight rates while not recommending significant alternation to the Crow rate or any additional payments to the railways to offset the statutory grain rates. It was hardly surprising, therefore, that the question of the Crow rate came up before the MacPherson Commission with the railways making the case for increasing the rates or removing them entirely.

The MacPherson Commission had a tight timeline and decided to forgo a full and comprehensive review of rail policies, prompting the *Lethbridge Herald* to describe this decision as “regrettable” and a “setback for the west.”⁹³ The *Herald* articulated a common sentiment in the western agrarian community that “the purpose in asking for the comprehensive study was to demonstrate that the rates on export grain are not the only villains in the railway revenue picture.”⁹⁴ Despite all the other aspects of rail transportation, such as passenger service, that analysis might show as areas of insufficient revenue, the railways “maintained that the requirement to carry grain and grain products to export positions at statutory rates was the only major obligation which involved a loss and, moreover, was of surpassing importance because

⁹² MacPherson Commission, *Royal Commission on Transportation*, 1:31.

⁹³ “Setback for the West,” *Lethbridge Herald*, 11 February 1960.

⁹⁴ “Setback for the West,” *Lethbridge Herald*, 11 February 1960.

railway management had no discretion regarding it and no means of escaping it.”⁹⁵ The Commission recommended, therefore, a “pay the railways” solution that would keep the Crow rate constant but also provide the railways with “sufficient remuneration to cover costs and achieve a return on investment associated with the work performed.”⁹⁶ Although this recommendation supported regulation and government payment, it still aligned with the Commission’s overall approach as it removed the burden of off-setting grain costs from other rail shippers. This removal would allow the railways to make business decisions in areas where they were less confined by regulation. Attempting to offset problems created by areas where regulations lowered rail revenue would no longer influence the decisions. This recommendation reinforced the perception that rail transportation was first a profit-making business. Financial compensation for regulation that confined their decisions then had to fall to the government, rather than other users of the business since the government regulated that confinement for the nation’s benefit.

The Commission avoided a long and comprehensive review of grain handling, but it did tackle the long standing and controversial question of how to calculate the cost of grain movement. Indeed, resolving this issue had stymied previous inquiries, resulting in a historical lack of agreement between interested parties about how to assess freight rates and/or the grain industry itself. Not only was calculating the cost complex but acquiring the data to do so was especially challenging because CPR, as a private company, did not maintain public financial records. The MacPherson Commission relied on the self-reported costing review of CPR and CNR but pre-emptively countered accusation of bias by noting it considered the costing arguments put forward by other parties too.⁹⁷ The fact that the Commission revised some of the railways’ estimates also helped prevent criticism.⁹⁸ In their submissions, the railways claimed a combined total deficit of \$70 million for only grain movement that included both variable and fixed costs. After it revised the railways’ calculations, the Commission concluded that the

⁹⁵ MacPherson Commission, *Royal Commission on Transportation*, 1:48.

⁹⁶ MacPherson Commission, *Royal Commission on Transportation*, 1:51.

⁹⁷ MacPherson Commission, *Royal Commission on Transportation*, 1:54.

⁹⁸ The Commission revised cost estimates to reflect the fact that that railways had included a number of lines as moving only grain yet the Commission found “evidence which indicated that many of these lines [were] in fact carrying very light traffic.” MacPherson, *Royal Commission on Transportation*, 1:63.

variable cost shortfall was roughly \$6 million dollars for 1958, the year used as the basis for all calculation.⁹⁹ To address the revenue gap caused by grain movement, the Commission recommended a two-part financial compensation. The first was to off-set the fixed costs directly attributed to the movement of grain. Since Canadian National and Canadian Pacific had different financial structures and different fixed costs, the Commission recommended allocating \$9 million to Canadian Pacific and \$7.3 million to Canadian National.¹⁰⁰ In addition to the fixed rate of payment for the railways, it recommended a second floating rate re-calculated each year to account for “the exact amount of variable costs . . . [which] vary with the volume of traffic and railways costs.”¹⁰¹ By following this recommended payment structure the federal government would continue to have the statutory grain rates that supported the prairies’ export grain economy while at the same time directly compensating the railways “for those obligations which involve losses imposed upon railways by law.”¹⁰² Essentially, this proposed compensation structure put the cost of the national policy directly on the government’s balance sheet, which created an incentive to consider decoupling the national policy from direct government regulation.

The Commissioners did not universally embrace the solution of paying the railways to offset their costs. Interestingly, it was only on the matter of grain freight that the Commissioners differed. This difference of opinion is a sign of the contentious nature of any questions around the statutory grain rates and shows how the reduced-regulation approach taken by the MacPherson commission was an uneasy fit for the question of statutory rate. It also indicates the strong nature of the presentations made on the subject of grain rates to the Commission that the Commissioners disagreed. Neither A. H. Balch, who was a member of the Canadian Labour Relations Board and a representative for the Brotherhood of Railway Trainmen, nor Herbert Anscomb, the former Minister of Finance for British Columbia, supported leaving the statutory grain rate unchanged. Under “Reservations and Observations” Anscomb suggested that:

Government (Parliament) should constantly review world economic changes and conditions of the grain trade and as and when conditions record obvious

⁹⁹ MacPherson Commission, *Royal Commission on Transportation*, 1:62-64.

¹⁰⁰ MacPherson Commission, *Royal Commission on Transportation*, 1:66.

¹⁰¹ MacPherson Commission, *Royal Commission on Transportation*, 1:64.

¹⁰² MacPherson Commission, *Royal Commission on Transportation*, 1:49.

improvement the freight rates to the western grain growers should be increased over those now in effect (1961) in order to ensure that at the earliest possible moment the burden now imposed on the Canadian taxpayer (assuming these recommendations are accepted) and/or the railways will be removed.¹⁰³

This suggestion essentially advocated that any improvement in grain prices could not remain with farmers but had to pass to railways to offset their freight costs. It also presented the idea that through their taxes Canadians were paying for rates that only provided benefit to prairie farmers. Anscomb implicitly rejected the common premise in the prairies that low statutory grain rates created benefits that reached beyond the grain cheques of prairie farmers; any benefits from export grain were too small to justify the costs to the government and the railways.

A. R. Gobeil, on the other hand, took a strong stance against giving any subsidies to the railways.¹⁰⁴ He was skeptical of the costing reviews presented, and noted that he was “not convinced . . . [the Commission had] been able to establish that there [was] any loss whatsoever.”¹⁰⁵ This position came from the fact that each every organization presenting cost studies asked the Commission to disregard previous work due to newly discovered errors in it. It left Gobeil to conclude it was “impossible . . . to accept any figure for the cost of moving grain as being accurate and final.”¹⁰⁶ His conclusion was strengthened by the inability of experts to agree on what costs could be reasonably attributed solely to grain transportation and the conflicting conclusions of experts retained by various organizations compared to the experts retained by the Commission. In short, the experts disagreed with each other and the only consistent agreement was that previous costing studies contained errors. These diverging opinions did not focus on the idea of the statutory rate as a national policy to promote regional economic development for the benefit of central Canada. Instead, Anscomb and Balch considered the Crow rate in the context of costs for taxpayers and suggested government should be non-interventionist as this approach cost the people they represented little. In comparison

¹⁰³ MacPherson Commission, *Royal Commission on Transportation*, 1:76.

¹⁰⁴ MacPherson Commission, *Royal Commission on Transportation*, 1:89-93.

¹⁰⁵ MacPherson Commission, *Royal Commission on Transportation*, 1:78.

¹⁰⁶ MacPherson Commission, *Royal Commission on Transportation*, 1:82.

Gobeil questioned the basic premise that supported the idea of a revenue gap related to grain movement but endorsed the regulation.

Gobeil drew on the historical agreement between Canadian Pacific Railway and the federal government in first establishing the Crow rate to argue that the railways already received compensation and the agreement was in perpetuity. That the railways felt the terms of the agreement no longer provided adequate compensation did not justify more compensation. Indeed this understanding of the agreement was widespread on the prairies.¹⁰⁷ The argument that it was in perpetuity rested, in part, on the wording of the original 1897 agreement, which specified that after agreeing to the freight rates in the agreement “no higher rates than such reduced rates or tolls shall be charged” by Canadian Pacific.¹⁰⁸ When legislation extended these statutory rate to cover rates made by Canadian National this wording remained; thus, the original intent of the Agreement extended to cover both railways. This position was similar to the notes that Harold Innis made as a Commissioner during the Turgeon Commission; and, every time the railways argued for an increase in grain freight rates, opponents to the increase presented this position, with some small variations. It also echoed the presentations made by the three Prairie Wheat Pools who were unequivocal in their position that the Crow rate was non-negotiable and represented a long-standing contract between the railways and the government. They argued that the railways now claiming the contract was not in their favour should not invalidate the contract. After all, simply because the terms of a contract were no longer as advantageous to one party did not provide any precedent for voiding the contract. Indeed, it was an argument that would reappear in the discussion of rail freight rates over the next twenty-five years.

This interpretation of how the Crow rate was a bargain between the federal government and the prairies spoke to the idea that it made the position of the prairies as both primary producers exposed to the fluctuations of the international market and consumers of central Canadian manufactured goods fairer. It also emphasized the idea that the federal government

¹⁰⁷ This understanding of the Crow rate as being in perpetuity appears in the submissions by the prairie provincial governments and farmers’ organizations to the MacPherson Commission.

¹⁰⁸ Canada. Agreement Between Her Majesty the Queen and the Canadian Pacific Railway Company Re: Subsidies to construct a railway from Lethbridge in the Territory of Alberta through the Crow’s Nest Pass to Nelson, B.C. (Ottawa: Queen’s Printer, 6 September 1897).

had encouraged the development of the prairie economy through its regulation of the grain rates so that the prairies had focused on export agriculture. Indeed, the structure of prairie towns and the dependence of the prairie economies, especially the Saskatchewan economy, reinforce why people and organizations in the prairies fought to maintain their beneficial statutory rate.

Branch Line Abandonment

Railway companies had long argued that it was important for the regulatory body to allow them to stop servicing lines that were no longer economically profitable. A branch line was a shorter rail line designed to “feed” traffic to the main line of a railway. In his memoir David Blythe Hanna, the first president of Canadian National Railway, noted that “most branch lines, of themselves, do not pay, and that, without the branch lines that do not pay, the main lines can’t pay – at least their prosperity would be heavily reduced.”¹⁰⁹ He articulated the problem with branch lines that the railways had been presenting for several decades by the time they presented it before the MacPherson Commissions. It was also a position which the MacPherson Commission supported in its report as it concluded that “most, but not all, light-density branch lines are uneconomic . . . exceptions are those that are profitable because of the traffic that they feed to the system.”¹¹⁰ The revenue of the main line was contingent on the branch lines, which created significant problems in rail costings, leading to multiple interpretations of how to do it appropriately. The railways considered the cost of maintaining and servicing the branch lines to outweigh the revenue generated through the main line traffic. Other calculation methods split the costs between the branch and main lines arguing that the cost had to be understood from a whole system perspective rather than per line. Therefore, the lack of uniform interpretation made the results of any costing study controversial since there was no consensus between the various parties invested in rail costing on how to calculate it.

On the surface permitting the railways to discontinue the use of lines that did not generate sufficient revenue seemed reasonable, however, once it became apparent an area might lose its rail service the issue became political. The idea that road transport could take over from rail presented its own set of issues for communities without close access to major primary or well-

¹⁰⁹ David Blythe Hanna, *Trains of Recollection: Drawn from fifty years of railway service in Scotland and Canada, and told to Arthur Hawkes* (Toronto: Macmillan Co, 1924), 286.

<http://peel.library.ualberta.ca/bibliography/4915.html>

¹¹⁰ MacPherson Commission, *Royal Commission on Transportation*, vol. 2, 138.

maintained secondary roads. As the Government of Saskatchewan pointed out in its submission to the MacPherson Commission, “service by truck in Saskatchewan tends to present a more difficult problem than in most other areas.”¹¹¹ This position contradicted the Commission’s assessment that truck transportation would continue to increase in importance to the detriment of railway traffic. While it was reasonable in areas with well-maintained roads, for Saskatchewan the cost of creating and maintaining the necessary “hard-surface roads permitting efficient service . . . [was] far beyond the resources of the Province’s thinly spread population.”¹¹² The problem of branch line abandonment, therefore, was a particularly concerning issue for Saskatchewan out of the three Prairie Provinces since both Manitoba and Alberta had smaller road networks and comparably closer access to waterway transportation.

For the prairies, branch line abandonment represented a substantial change in the existing rail network. This change would have the most impact on grain handling as the railways built much of the branch line system to service export-agriculture and its communities. Small towns had developed alongside elevators and any change in the rail network affected them directly. For the railways, the statutory rate compelled them to provide grain transport service on prairie branch lines at what they considered a loss. As the vice-president of CPR, Richard Emerson, pointed out in his testimony before the Commission, without “just and reasonable remuneration for the handling of export grain . . . a very large mileage, something over 2,500 miles of branch lines in the Prairies will of necessity be candidates for abandonment.”¹¹³ Although he was quick to add that the railways only made application for abandonment to the Board of Transport Commissioners once they fully considered every option and that the Board only held hearings on abandonment after giving notice to towns and other parties that might be effected by the abandonment. Still, he argued, the railway could not ignore its own best interests and thus allowing flexibility to abandon lines when necessary was critical.¹¹⁴ The MacPherson Commission agreed with the CPR and CNR assessments of the problem with branch line

¹¹¹ Government of Saskatchewan, *Submission of the Province of Saskatchewan to the Royal Commission on Transportation, 1960, Part 1*, (Regina: Queen’s Printer, 1960), 5.

¹¹² Government of Saskatchewan, *Final Summation and Argument of the Province of Saskatchewan to the Royal Commission on Transportation 1961*, 22.

¹¹³ Royal Commission on Transportation [MacPherson]. *Transcripts*, vol. 109 (Ottawa: Queen’s Printer, 1961), 18245.

¹¹⁴ MacPherson Commission, *Transcripts*, 109:18245-48.

abandonment as it strongly supported the idea the railways should easily be able to abandon branch lines when they wanted. Despite suggesting subsidies to off-set the costs of uneconomic branch lines the Commission made clear subsidies were not “to make uneconomic lines profitable to the railways . . . [because it would] perpetuate a situation which misallocated resources.”¹¹⁵ The Commission recognized such a position would not find universal favour and tried to mitigate it somewhat by suggesting that branch line abandonment to rationalize the rail system should not occur swiftly but instead recommend a fifteen year period of adjustment as a guideline but not a firm deadline.¹¹⁶

The original statutory freight rates encouraged the export-oriented grain economy with its decentralized elevator and rail network. Additionally, the early competition between CPR and CNR for freight and passenger traffic led to the building of a substantial branch line network. Proposing branch line abandonment meant implicitly agreeing to reconfigure the settlement patterns on the prairies. Abandonment, more specifically accepting it, placed the economic needs of the railways before the needs of communities and farmers. This ranking reversed the order of importance of the needs of these groups that was set in earlier decades and by contemporary provincial government initiatives, such as health care and rural electrification, that emphasized actions in the public good.¹¹⁷ The prairie provinces by opposing branch line abandonment were

¹¹⁵ MacPherson Commission, *Royal Commission on Transportation*, 1:42.

¹¹⁶ MacPherson Commission, *Royal Commission on Transportation*, 2:122.

¹¹⁷ For discussion of rural electrification see Clinton White, *Power for a Province: A History of Saskatchewan Power* (Regina: Canadian Plains Research Centre, 1976); Saskatchewan, Royal Commission on Agriculture and Rural Life, Report No. 11, "Farm Electrification" (Regina: Queen's Printer, 1957); Joan Champ, *Rural Electrification in Saskatchewan During the 1950s*, Report prepared for Saskatchewan Western Development Museum (December 4, 2001), <https://wdm.ca/wp-content/uploads/2018/06/WDM-RuralElectrification.pdf>; David Schulze, "The Politics of Power: Rural Electrification in Alberta, 1920 – 1989," (M.A. thesis, McGill University, 1989); Report of the Manitoba Electrification Enquiry Commission, *A Farm Electrification Program*, (Winnipeg: King's Printer, 1943); David S. G. Ross, "History of the Electrical Industry in Manitoba," *Manitoba Historical Society Transactions* 3, no. 20 (1963-64): <http://www.mhs.mb.ca/docs/transactions/3/electricalindustry.shtml>

For discussion of provincial health care initiatives see C. Stuart Houston, *Steps on the Road to Medicare: Why Saskatchewan Led the Way* (Montreal: McGill-Queen's University Press, 2002); Robert Lampard, "The Hoadley Commission (1932-34) and Health Insurance in Alberta," in *Making Medicare: New Perspectives on the History of Medicare in Canada* ed. Gregory P. Marchildon (Toronto: University of Toronto Press, 2012), 183-206; Gordon S.

asserting that assessment of the railways' needs—specifically revenue generating freight rates—should still be subordinate to how they supported the social and economic structures of the region. The MacPherson Commission's recommendations, however, prioritized the profits of the railways. Rail transport was in the national interest, according to the Commission, but had to be understood in terms of what providing it cost the railways so the federal government could compensate them for their service to the nation. The Commission's response to concerns over jobs losses from branch line abandonments demonstrates how much weight they placed on railway revenues. When compared to the greater burden placed on railways by the need to carry the costs of underperforming lines the Commission sympathized with those who might lose jobs but considered such losses a relatively minor issue especially since they believed that with "full and frank disclosure . . . to allay fears . . . enlightened railways and union management can solve [the problems associated with job loss] with a minimum of hardship."¹¹⁸

Branch lines and their potential abandonment reflected the tension between the public good and private profit. The decentralized branch line network was vital in creating widespread agricultural settlement and the network of prairie towns supporting it. These branch lines provided access to the main rail lines, which in turn connected the region to the rest of the country bringing these areas into the national economy. Yet, the railways noted that few of these lines were intrinsically profitable but instead funneled traffic to the main lines, which did make profits. Since, the branch lines provided an important transportation link for both residents and production, the federal government regulated abandonment of these lines with an emphasis on the public good they provided rather than the revenues of the railways. The MacPherson Commission reversed this focus arguing that the evolution of the transportation system had surpassed the necessity of regulating transportation as a mechanism for integrating regional economies into the national economy. Indeed, the deregulated trucking industry served as a clear example to the Commission of the future of rail transportation—a profit-driven business that competed within the transportation sector to the benefit of the nation. Allowing easier branch

Lawson, "The Road Not Taken: The 1945 Health Services Planning Commission Proposals and Physician Remuneration in Saskatchewan," in *Making Medicare: New Perspectives on the History of Medicare in Canada* ed. Gregory P. Marchildon (Toronto: University of Toronto Press, 2012), 151-182; Ian Carr and Robert E. Beamish, *Manitoba Medicine: A Brief History* (Winnipeg: University of Manitoba Press, 1999)

¹¹⁸ MacPherson Commission, *Royal Commission on Transportation*, 2:124.

line abandonment was an important component to a modernization of the transportation system that progressed with the decisions of private business.

Modernization through Centralization

The MacPherson Commission argued the changing nature of transportation technology necessarily underpinned changes to the political and economic network of grain handling. The first step was to “face the fact that the railway branch line network [was] no longer vital to either the well-being of the communities on the branch lines or the larger society.”¹¹⁹ Throughout its report, the Commission emphasized that the primary purpose of rationalizing the rail network was to create greater efficiency.¹²⁰ The MacPherson Commission’s report, however, while emphasizing the importance of efficiency through reduced regulation, never explicitly defined efficiency. Instead it left the reader to piece together the idea that an efficient rail network was one that allowed the railways to be profitable while at the same time form part of a larger transportation network that met the needs of Canada as a nation at a reasonable cost. At the same time, an efficient transportation network needed to meet the goals of the national policy. It would enable Canadians, both as individuals and businesses, to access transportation and promote economic development while also allowing for strategic government subsidies to support the goal of the national policy and accommodate all regions. To meet this goal, the Commission suggested government regulation to “encourage the most efficient allocation of transportation resources” as the network would be best managed by providing the railways with the utmost flexibility in their decision making.¹²¹ Even though Canadian National was a crown corporation the report still treated it as if it was, at minimum, an arms-length body and so had the same goals as a private corporation. Strong government regulation no longer created the public good but instead public good appeared through minimal regulation that gave business the freedom to change at will.

The Commission also felt that the rail network was too decentralized, justifying branch line abandonment. Although the Commission made numerous references to differences in rail traffic in different regions, its final recommendations deferred to the railways, suggesting that

¹¹⁹ MacPherson Commission, *Royal Commission on Transportation*, 1:39.

¹²⁰ For example, the commission described the rationalized network as “a fully efficient transport system.” MacPherson Commission, *Royal Commission on Transportation*, 2:123.

¹²¹ MacPherson Commission, *Royal Commission on Transportation*, 2:123.

given greater freedom of choice, the railways would draw the necessary distinctions as they chose areas of the network to remove, modify, or expand.¹²² This position gave support to the Commission's focus on the idea that "the free enterprise environment" created a maximally efficient transportation network.¹²³ They recommended government subsidies either off-set lost revenues when policies, such as the statutory grain rates, prevented the railways from making full use of their "competitive power" to achieve efficiencies or to smooth the transition within the system.¹²⁴ The Commission turned away from the long-standing solution of greater and more specific regulation of transportation in favour of reducing regulation to stimulate greater efficiencies through reduced redundancies and costs. For the MacPherson Commission the answer was with the railway companies: "responsibility for taking action remains with the railways."¹²⁵ Yet, the final recommendations reveal a lingering acknowledgement that in certain circumstances regulation was required to maintain the transportation network rather than letting the network shift as determined solely by the private for-profit rail business.

Conclusion

The federal government used railways and their freight rates to integrate Canada's regional economies into a unified national economy that served the national policy. This approach emphasized the railway's services to Canada in providing transportation as a critical national good. The 1918 consolidation of financially-troubled railways into the CNR further solidified rail as a national good as the government took over the railways to prevent the loss of rail access for the communities these railways serviced. The regulation of freight rates indicated that rail services went beyond a commercial transportation business and were a vital part of the mechanisms unifying the various regions in Canada's confederation. Being cast in this important role prevented the railways from acting purely for profit as government regulation enforced their role as providers of a public good above profit making. For the prairies, the public good of rail transportation was unalterably tied to their export-grain economy both through the access to international markets provided by the branch line rail system and through the regulation of freight rates provided by the Crow rate.

¹²² MacPherson Commission, *Royal Commission on Transportation*, 2:122-125, 144.

¹²³ MacPherson Commission, *Royal Commission on Transportation*, 2:139.

¹²⁴ MacPherson Commission, *Royal Commission on Transportation*, 1:28.

¹²⁵ MacPherson Commission, *Royal Commission on Transportation*, 2:150.

The post Second World War transportation environment pushed forward the railway's concerns over falling revenues that regulation prevented them from addressing as they chose. Their repeated applications for increased freight rates resulted in regional protests that such change not only betrayed the spirit of confederation but actively harmed their economies. This rising tension forced the federal government to address the issue but given its politically sensitive nature successive governments chose to delay action by using commissions to investigate the issue.

The 1961 Royal Commission on Transportation, headed by Murdoch MacPherson, was the first commission to investigate the issue and make recommendations strongly favouring private business. It argued against the traditional regulation of railways as public good service providers to maintain the economy envisioned by the national policy. Although it recommended less regulation the MacPherson Commission admitted that because of vast distances in Canada making the maritime and prairie regions dependent on rail transport it was important for government to regulate to provide regional fairness in these areas. Despite, these regional differences, overall, it focused on rail transportation as being equal to air, sea, and truck transport. This focus marked the beginning of a shift in national priorities, demonstrated clearly through recommended changes in transportation policy that emphasized limited government regulation and a market-driven approach to regulating the national economy.

Chapter Three: Threats to Canada's Breadbasket, 1965-1974

Twenty-three ships destined for the Soviet Union waited for grain at ports on the St. Lawrence Seaway in June 1966 while Canadian longshoremen were on strike. The strike was “seriously damaging the grain export trade” warned W. C. McNamara, chairman of the Canadian Wheat Board while public pressure mounted for the federal government to act.¹ McNamara also pointed out to the House Committee on Agriculture a prolonged strike had the potential to prevent the fulfilment of Canada's promise to India of the delivery of 25-26 million bushels of wheat, which “[was] desperately needed to avert starvation.”² The strike itself did not last long as arbitration brought a new contract within the month for the workers at the St. Lawrence Seaway. But the event was significant for what it demonstrated about how labour disputes threatened Canada's reputation as a reliable grain exporter. This strike was one of many labour disputes between 1965 and 1974 that affected the grain handling system.

This chapter covers a nine-year timespan to examine the importance of protecting Canada's reputation as a reliable grain exporter, and how this approach influenced reactions to domestic disruptions of grain movement. It discusses the public discourse around Canada's share of the international grain market and the concerns arising over the potential loss of this market. Pricing, as regulated by the International Wheat Agreements (IWAs), created perceived competitive disadvantages for Canadian grain relative to other exporting nations that did not hold closely to the IWAs. Additionally, politicians, farmers, and agricultural organizations were concerned that without reliable exports Canada would lose its international buyers. By examining several disruptions during the 1960s and early 1970s this chapter shows how the issues around strikes—both over grain movement and recovering the system in the aftermath—revealed systemic problems with the transportation system. At the same time, opposition politicians used strikes as a pretext to castigate the federal government for not taking action on the recommendations of the MacPherson Commission by implementing a national transportation strategy. Strikes during this period affected the entire grain handling system through the creation of grain backlogs at ports and in country. After a strike, the system took a while to unplug as rail

¹ “Grain Exports Hurt by Canadian Strike,” *Globe and Mail*, 8 June 1966.

² Canada, House of Commons Committees, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (7 June 1966), 389.

car availability slowed movement. This process meant that even after a strike grain movement remained slow, further undermining Canada's reputation as a reliable exporter. The threat of lost grain sales exacerbated domestic concerns about declining farm income due to depressed world prices and increasing grain carryover. Although farm income and growing grain stockpiles were domestic problems, the solution to both was greater international trade.

Secondly, the 1969 damp grain crisis shows how the perception of prairie politicians on issues within the grain transportation system did not mesh exactly with the internal understanding of how the system was functioning. This crisis also illustrated the effectiveness of regulation and centralization for the grain handling system in contrast with the growing shift toward deregulation. It shows how the increased volume of exports combined with Canada's focus on providing consistent grain quality required a grain handling system where a centralized body oversaw and coordinated the actions of the involved parties (notably railways, grain handling companies, and farmers). Ultimately, although the issue of grain freight rates was not at the forefront of agricultural issues for much of this period, the events affecting the grain handling system laid the foundations for subsequent discussions of changing the system's structure, including changes to the Crow rates that regulated grain freight rates.

Market Share

Since prairie grain was primarily an export crop it was very important for Canada to maintain its share of the international grain market. Canada's west coast ports best served the new markets for Canadian grain that had emerged in the 1950s. Canada's traditional markets for grain were in Europe, especially the United Kingdom, but the Canadian Wheat Board (CWB) had begun expanding into new markets in Asia in the 1950s. Japan was a lucrative and growing market for Canadian grain so much so that in 1960 the CWB opened a satellite office in Tokyo to improve the Board's "market development work in the Far East."³ The Tokyo office was also geographically and strategically close to two other grain markets of growing importance: the Soviet Union and China.⁴ The USSR was an important market for Canadian grain as it bought

³ Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1960-61* (Winnipeg: Canadian Wheat Board, 1961), 16.

⁴ For a broader discussion of Canada's changing wheat markets see André Magnan, *When Wheat was King: The Rise and Fall of the Canada-UK Grain Trade* (Vancouver: UBC Press, 2016), especially chapter 2.

significant volumes and paid well. Indeed, the large 1963 Soviet grain purchases made it the primary market for Canadian wheat.⁵ Compared to British purchases, these two large Communist countries bought almost two and half times more grain worth 1.8 billion dollars since 1960.⁶ The importance of the USSR sales was apparent in a 1965 *New York Times* profile of Ross Thatcher, the recently elected Liberal Premier of Saskatchewan, who hailed them as rejuvenators of the provincial economy. The *New York Times* described Thatcher as “a new private-enterprise capitalist” but had to note that the rosy economic picture was owed in large part “to the federal Canadian Wheat Board for arranging the wheat sales to the Soviet Union.”⁷

Despite these positive developments in Canada’s market profile there was still a significant public concern that Canada would not be able to maintain these markets. A large part of the concern revolved around the International Wheat Agreement (IWA), which was an agreement between wheat exporting and importing countries intended to stabilize wheat prices.⁸ With growing wheat carryover stocks in many exporting nations, an increasingly important part of the IWA was the floor price for grain to prevent a “race to the bottom” by exporting nations looking to draw down their surplus holdings through undercutting their competitors’ prices. In practice, the IWA signatories did not always follow it, so the CWB and Canadian government had often found themselves in the position of holding to the IWA more closely than the other nations.⁹ By the mid-1950s, the United States faced a significant grain surplus and began aggressively drawing down their surplus instead of allowing it to accumulate on American farms and in the already well-stocked US strategic reserves. The American government subsidized farmers to make up the difference between domestic and international prices. These subsidies

⁵ Mitchell Sharp, *Which Reminds Me... A Memoir* (Toronto: University of Toronto Press, 1994), 122.

⁶ John M. Lee, “Most Canadians Backing Sales of Wheat to Communist Lands,” *The Globe and Mail*, 29 August 1965.

⁷ E. N. Davis, “Soviet Wheat Sales Aid Saskatchewan,” *New York Times*, 22 January 1965.

⁸ Research Branch Library of Parliament, *The Canadian Wheat Board: Orderly Marketing of Canadian Grain* reprinted in Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 2 (5 February 1967), 1040.

⁹ David Macfarlane, “The International Wheat Agreement of 1956: A Canadian View,” *International Affairs* 32, no. 4 (1956): 427-435; Helen Farnsworth, “International Wheat Agreements and Problems, 1949-56,” *Quarterly Journal of Economics* 70, no. 2 (1956):217-248.

allowed American grain companies to offer discounted American grain to international buyers. Public Law 480, enacted in 1954, allowed countries to buy American food in their own currencies, which gave those countries a discount since they did not have to buy in US dollars while helping the US offload its surplus production.¹⁰ This strategy permitted the drawdown of American grain carryover stocks, but it put higher priced Canadian grain at a competitive disadvantage in the international market.¹¹ In the House of Commons Members of Parliament argued that Canadian wheat was losing market share to American wheat that was being “dumped” below the floor prices set in the IWA, which the CWB was maintaining despite other signatories abandoning it in favour of moving more of their grain.¹² Yet, despite pinpointing American underpricing as a cause of the loss of market share, the idea of Canada lowering its own prices was highly unpopular as farm incomes were already low. It was important to sell Canadian wheat but also to maintain a minimum price to keep farm income relatively stable; achieving a balance between grain sales and farm income levels was difficult.

In 1965 a price war erupted between the United States and Canada. It became public knowledge that the Wheat Board had sold low quality wheat to China for prices lower than those set through the IWA. This tactic had allowed for the reduction of less desirable wheat stocks that had a lower value. In retaliation, the United States increased its subsidies to producers, which caused American wheat prices to drop even further. This action forced the CWB to match its offered prices to the lower American ones, leaving Canadian prairie farm leaders outraged. Saskatchewan Wheat Pool President Charles Gibbings demanded to know “how long the Canadian producer can be expected to compete” against subsidized producers in other

¹⁰ For more detailed description of Public Law 480 see Brady J. Deaton, "Public Law 480: The Critical Choices," *American Journal of Agricultural Economics* 62, no. 5 (1980): 988-92; Douglas Hedley and David Peacock, "Food For Peace, PL:480 and American Agriculture," *Agriculture Economics Report No. 156*. (East Lansing: Michigan State University, February 1970); Willard Cochrane, "Public Law 480 and Related Program," *The ANNALS of the American Academy of Political and Social Science* 331, no. 1 (September 1960): 14-19.

¹¹ William E. Morriss, *Chosen Instrument: A History of the Canadian Wheat Board: The McIvor Years* (Winnipeg: Canadian Wheat Board, 1987), 218-222; Jerome M. Stam, "The Effects of Public Law 480 on Canadian Wheat Exports," *Journal of Farm Economics* 46, no. 4 (1964): 805-819.

¹² Canada, Parliament, *House of Commons Debates*, 27th Parl, 2nd Sess, vol. 3 (24 October 1967), 3424; Canada, Parliament, *House of Commons Debates*, 27th Parl, 2nd Sess, vol. 3 (24 October 1967), 3452-3460.

countries.¹³ At the same time, the CWB made a series of sales to the Soviet Union, which, while economically positive for the prairie economy, left US officials irritated by Canada's dealings with America's Cold War nemesis. Saskatchewan's Premier Ross Thatcher defended the sales arguing that if the Americans were serious about preventing sales to communist countries they would "take [their] boycott off" so that more Canadian grain could be sold into the American market and they would stop dumping wheat that ruined other markets for Canadian wheat.¹⁴ Thatcher's comments about American dumping of grain into Canadian overseas markets were a thinly veiled reference to Canada's continued frustrations over the USA ignoring the IWA to lower their own grain surpluses through underpricing.

Negotiations for the IWA's renewal in 1967 were tense, as the Americans had become more aggressive in trying to achieve greater market share while the CWB had maintained their prices within IWA guidelines.¹⁵ As the Americans were competing for the same markets as Canadian grain this price difference caused quite a lot of concern both internally at the CWB and publicly as Canadian newspapers reported gloomily on American sales. MPs meanwhile suggested these reports showed the major cause for why farm incomes on the prairies had dropped—Canadian wheat was not selling. Economist Theodore Cohn in his discussion of the International Wheat Agreements noted that in the 1960s "the United States share of the wheat market in Britain increased from 7 to 22 per cent and in Japan from 53 to 79 per cent."¹⁶ These changes were not unknown to the Canadian public as the business sections of major papers reported Canada's dwindling share of the international market. For instance, the *Globe and Mail* reported that Canada continued to lose market share through the last half of 1967 and into February until it held only 20.5 percent of the world market – a significant drop from the 33.7 percent it had held the previous year.¹⁷

¹³ John M. Lee, "Canadian Farmer Hit by Wheat War," *New York Times* 31 January 1965.

¹⁴ Gerd Wilcke, "A Canadian Official Defends Wheat Sales and Chides U. S.," *Globe and Mail*, 15 July 1965.

¹⁵ Alex F. McCalla, "A Duopoly Model of World Wheat Pricing," *Journal of Farm Economics* 48, no. 3 (1966): 711-727.

¹⁶ Theodore Cohn, "The 1978-9 Negotiations for an International Wheat Agreement: An Opportunity Lost?" *International Journal* 35, no. 1 (Winter 1979/1980): 133.

¹⁷ James Rusk, "Canada Losing Ground In World Wheat Market," *Globe and Mail* 17 April 1968.

Prices, or rather the undercutting of Canadian prices, were a significant concern but Canada's reputation as a reliable supplier was an equal concern as reliability was a way for Canada to market its grain. If the CWB made sales, did customers have confidence that they would receive their grain on time? It was a growing question for MPs and prairie farmers who saw the grain handling system as failing to move grain efficiently. It appeared that the railways were not moving grain fast enough to satisfy demands. As Reg Cantelon, the Progressive Conservative MP for Kindersley, pointed out the problem was "that the lines ... to and from the elevators [were] plugged from the country elevators to the terminals."¹⁸ The problem of movement forced farmers to store grain on their farms because of poor boxcar delivery to elevators and consequently poor car movement between the prairies and the ports. This poor movement meant that even if the Canadian Wheat Board could compete with US dumping, there was uncertainty on the part of the buyers about whether the Canadian system could fulfill those sales in a timely manner.

Assured movement of grain was important for successful grain sales. Delays in grain delivery not only cost demurrage but also generated perceptions of Canada as an unreliable supplier.¹⁹ Since many sales were time sensitive, Canada's delivery challenges placed it in a weaker bargaining position and made it a less attractive option for buyers especially when combined with higher prices due to the CWB's use of the IWA guidelines. Alberta's Conservative MP Don Mazankowski chastised the federal government for failing to see "the serious economic situation which [would] result from the failure to sell our wheat."²⁰ He pointed out that Canada's "wheat carryover [was] nearly 700 million bushels ... [with] no indication from the government of any likelihood of a sale to Russia or China."²¹ Since Canada's grain trade focused on selling into the international market there was additional concern that other

¹⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 2nd Sess, vol. 3 (24 October 1967), 3460.

¹⁹ Demurrage is a penalty paid for failure to load a transport vessel by an agreed upon time. If a ship is not loaded with the contracted cargo by an agreed-upon date the owner of the ship is paid demurrage for the period between that date and when shipper has delivered the cargo to load the ship.

²⁰ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 2 (15 October 1968), 1164.

²¹ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 2 (15 October 1968), 1164.

countries, such as India, were improving their agricultural practices to the point where instead of being new markets for Canadian grain they would no longer need Canadian grain and might, if positive trends in their harvests continued, become competitors.²²

Part of the issue with grain movement was that “more than 90 per cent of the available [grain] storage space in Canada [was] full – the highest percentage since the late Nineteen Fifties when a serious wheat surplus existed.”²³ Although companies received payment for storage in their elevators, this payment program did not extend to farmers. The annual meeting of the Saskatchewan Farmers Union (SFU) recognized the cost of storing grain on farm when members passed a resolution “calling for farmers to receive the same payment for grain stored on the farm as elevators received for storing grain.”²⁴ The SFU sent it to the Saskatchewan MPs and Ministers responsible for Agriculture and the Canadian Wheat Board. The high grain surplus helped to explain Progressive Conservative MP Alvin Hamilton’s chastisement of agricultural economists for focusing on “revitaliz[ing] agriculture in Canada ... [through] bigger and bigger farm units [when] small farms [get] more production per acre ... the bigger farmer, in the long range, cannot compete with the smaller efficient farmer.”²⁵ Hamilton’s argument was that the efficient farmers with their larger economic margins would be more easily able to withstand the

²² Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 4 (5 December 1968), 3532.

²³ Ronald Anderson, “Elevators clog as exports dip,” *Globe and Mail* 31 October 1967.

²⁴ “Babey urges farmers to rule own destiny,” *Globe and Mail* 2 December 1967. The Saskatchewan Farmers Union (SFU) was a precursor to the National Farmers Union (NFU). The NFU formed in 1969 from the amalgamation of provincial farm organizations in Saskatchewan, Alberta, Manitoba, Ontario, and British Columbia, and the creation of NFU locals for farmers in Nova Scotia, Prince Edward Island, and New Brunswick. National Farmers Union, *Working for Farm Families for 40 Years* (Saskatoon: National Farmers Union, 2009), 2.

²⁵ Canada, Parliament, *House of Commons Debates*, 28th Parl, 2nd Sess, vol. 3 (24 October 1967), 3478.

In Canada, the average farm size had increased from 302 acres in 1956 to 404 acres in 1966. In Saskatchewan farm size changed from 607 acres in 1956 to 769 acres in 1966. By 1976 average farm size increased to 499 acres in Canada and 923 acres in Saskatchewan. Statistics Canada. Table 32-10-0153-01 “Total area of farms and use of farm land, historical data.” <https://doi.org/10.25318/3210015301-eng>. For more discussion of changing farm size see Hongyu Chen, Alfons Weersink, Martin Beaulieu, Yu Na Lee, and Katrin Nagelschmitz, “A Historical Review of Changes in Farm Size in Canada,” *Working Paper Series – WP 19-03: Institute for the Advanced Study of Food and Agriculture Policy, University of Guelph*, January 2019.

low grain prices and survive until either the prices rebounded or the government found new markets for Canadian grain.

The decline in market share and continued depression in grain prices pushed concerns about railway service into a distance second place for farmers and their organizations though it was still part of the public discourse surrounding grain handling and movement. Railway service was a secondary concern because without market share, grain movement was a moot point. Market share and prices had direct financial consequences for farmers. Railway service, on the other hand, had less immediate consequences, so while it ultimately affected market share through Canada's reputation as a reliable supplier, railway service was still secondary to market pricing. Questions surrounding changes or even removal of the Crow rate and related transportation policy remained theoretical with no immediate consequence. Farmers and their organizations focused on the problem—market share—that had immediate financial implications. Concerns over Canada's ability to maintain its market share and compete with subsidized American grain sales were a priority until labour disputes disrupted grain movement returning the importance of grain movement to the forefront.

Strikes in the 1960s

Labour unrest culminating in strikes was a growing trend during the 1960s and grain handling and transportation was no exception.²⁶ As Ian Milligan describes this period,

²⁶ For more discussion of labour in Canada during the last half of the twentieth century see: Christo Aivalis, *The Constant Liberal: Pierre Trudeau, Organized Labour, and the Canadian Social Democratic Left* (Vancouver: UBC Press, 2018); Dimitry Anastakis, "Between Nationalism and Continentalism: State Auto Policy and the Canadian UAW, 1960-1970," *Labour/Le travail* 53 (2004): 89-126; Lara Campbell, Dominique Clément, and Greg Kealy, eds. *Debating Dissent: Canada and the Sixties* (Toronto: University of Toronto Press, 2012); Craig Heron, *The Canadian Labour Movement*, (Toronto: J. Lorimer, 1989); David Kwavnick, *Organized Labour and Pressure Politics: The Canadian Labour Congress, 1956-1968* (Montreal: McGill-Queen's University Press, 1972); Desmond Morton, *Working People: An Illustrated History of the Canadian Labour Movement* 4th Ed. (Montreal: McGill-Queen's University Press, 1999); Bryan Palmer, *Working-Class Experience: Rethinking the History of Canadian Labour, 1800-1991* (Toronto: James Lorimer, 2016); Alexander C. Pathy, *Waterfront Blues: Labour Strife at the Port of Montreal, 1960-1978* (Toronto: University of Toronto Press, 2004); Joan Sangster, "Radial Ruptures: Feminist, Labor, and the Left in the Long Sixties in Canada," *American Review of Canadian Studies* 36 (2007): 145-159; Joan Sangster, *Transforming Labour: Women and Work in Post-War Canada* (Toronto: University of Toronto Press, 2010); Miriam Smith, "The Canadian Labour Congress: From Continentalism to Economic Nationalism," *Studies in Political Economy* 38(1992): 35-60.

“skyrocketing labour unrest captivated young people, their elders, the media, and governments alike.”²⁷ Since the grain handling system functioned best with continuous movement of grain from farms through the country elevators to the ports any labour disruption in one part of the system created a ripple effect that meant a strike ultimately effected the entire grain handling system. Between 1965 and 1974 labour disputes often impeded grain movement both at ports and in the railway networks.

Aside from the obvious problem of losing sales as a result of delivery challenges, which would ultimately have negative financial consequences for farmers, labour unrest at the ports or in the railways created an immediate problem for prairie farmers. If grain arriving at the ports was not loaded onto ships, the port terminals had to store it. Full terminals meant the rail system could not empty prairie delivery points of grain. The grain either had to stay in the local elevator or wait in boxcars at the ports. There was a limited fleet of grain cars so even filling all the grain cars would not have created a complete turnover of the prairie elevator system to alleviate the problem of a plugged delivery system. The prairie elevators, therefore, reached their holding capacity without a foreseeable plan for emptying them.

As a railway labour dispute affected the entire country elevator system it took time after a labour dispute for the system to return to equilibrium. Without an elevator to receive their grain, farmers had to store their own grain. On-farm storage required more bins or dry-piling on the ground, which usually resulted in increased risk of spoilage. This situation meant that farmers faced potential financial losses due to spoilt grain or from investing in greater on-farm storage. Strikes at the ports created a domino effect that resulted in the entire grain handling system slowing or even stopping.

Canadian ports, especially the port of Montreal, experienced strikes between 1960 and 1964 but these strikes were relatively short and did not have a significant effect on grain shipments. The potential for strikes to create serious negative consequences for the grain industry became more obvious in 1965. The International Longshoremen and Warehousemen Union (ILWU) demanded improved working conditions, including increased wages. Unionized grain handlers at the port of Vancouver created a grain backlog for weeks when they went on strike in

²⁷ Ian Milligan, *Rebel Youth: 1960s Labour Unrest, Young Workers, and New Leftists in English Canada* (Vancouver: UBC Press, 2014), 3.

the summer of the 1965. The backlog reached the point where an announcement of a new contract for grain sales with the Soviets included a notification that the shipments would not go through the port of Vancouver despite it being the shortest shipping route between Canada and the Soviet Union. Minister of Trade, Mitchell Sharp, who had long experience in the grain trade including involvement in negotiations of previous Soviet grain purchasing agreements, noted that Vancouver was fully booked prior to the new sales.²⁸ The timing, however, remained rather suspect in the eyes of the press.²⁹ The notification hinted that those in the grain trade expected the strike to drag on and that the port officials were not expecting to clear its grain backlog quickly. Media reporting of the sales implied that the strike and resultant backlog created long-term problems for Canadian exports. In an analysis of Canada's grain exports, the USDA pinpointed the grain handlers' strike as the reason that Canadian grain exports reached only 395 million bushels instead of the "export goal of 400 million bushels for the crop year 1964-65."³⁰

Even avoiding the port of Vancouver, grain movement was still vulnerable to disruption from strikes on the St. Lawrence Seaway. The combination of large Soviet sales and precarious grain movement left prairie farmers justifiably worried about the 1966/67 crop year as the *Western Producer*, although sympathetic to the grain handlers and other dockworkers, remained firm that any disruption in grain movement offered consequences too dire to ignore.³¹ If Canada could not guarantee delivery of grain on time, it was providing an opportunity for competing export countries to gain market share by providing grain to the market faster than Canada. The threat of losing grain markets was a severe concern since there was already a surplus of grain, particularly wheat, on the prairies, that had been building through several bumper crops. This

²⁸ Sharp worked for the Canadian grain trading firm James Richardson and Sons before beginning his career in the federal public service first with the Department of Finance and then with the Department of Trade and Commerce where he worked under C. D. Howe who was also noted for his connections to the grain trade. During this time Sharp was involved in the 1955/1956 trade negotiations with the Soviet Union that resulted in a multi-year agreement for them to purchase Canadian grain. Gerald Wright, "Mitchell Sharp: Legacy of a foreign policy icon," *International Journal* (Summer 2004): 598; Sharp, *Which Reminds Me...*, 55-58.

²⁹ John M. Lee, "Soviet Purchases Canadian Wheat for \$450 Million," *Globe and Mail*, 12 August 1965.

³⁰ United States Department of Agriculture Foreign Agricultural Service, "Record Wheat Exports Forecast for Canada," *Foreign Agriculture* 3, no. 36 (1965): 12.

³¹ A. P. Waldron, "Strikes that Canada cannot afford," *Western Producer*, 21 July 1966.

surplus created an incentive to sell for Canada and other exporting nations, which were in similar situations.

Many parts of the Canadian labour sector were experiencing problems with bargaining as 339 legal strikes occurred between March and August 1966.³² Railway workers were no exception to this trend. Indeed, the 30 percent wage increase secured by the Seaway workers encouraged fourteen unions representing different groups of railway workers to seek similar compensation increases in their conciliation process.³³ At the same time, members of a different union, the Canadian Brotherhood of Railway Transport and General Workers, voted overwhelmingly in favour of striking.³⁴ Job action, especially in coordination, by these fifteen unions had the potential to affect the grain handling system from the prairies to the ports. Those concerned with the Canadian grain trade, from prairie farmers to the Wheat Board to the Department of Trade, watched the reports on negotiations monitoring the likelihood of a strike. By the summer of 1966, negotiations for workers at both the government-owned Canadian National and the privately-owned Canadian Pacific were breaking down over wages and working conditions.³⁵

This breakdown in negotiations created concerns for the grain movement and the effect any disruption in movement might have on the recent sales agreements with the Soviet Union. The *Western Producer's* coverage of a potential strike demonstrated how the strikes placed farmers at odds with the unionized workers; disrupting grain movement put pressure on the workers' employers, but stopped farmers' income from grain sales. *Western Producer* editor A. P. Waldron argued:

³² Jay Walz, "Canada Wrestles with Labor Issues," *Globe and Mail* 14 August 1966. There were also wild cat or illegal strikes during this time. Historian Peter McNinnis points out that "more than 1,100 strikes [were] recorded for 1965-1966 [with] total working time lost overall reach[ing] a twenty-five-year high." Peter S. McNinnis, "'Hothead Troubles': Sixties-Era Wildcat Strikes in Canada," in Lara Campbell, Dominique Clément, and Greg Kealy, eds. *Debating Dissent: Canada and the Sixties* (Toronto: University of Toronto Press, 2012), 156.

³³ Wilfred List, "Seaway deal wrecks rail talks," *Globe and Mail*, 21 June 1966; "Rail union opens case for raise," *Globe and Mail* 24 June 1966.

³⁴ List, "Seaway deal wrecks rail talks," *Globe and Mail*, 21 June 1966.

³⁵ "2nd rail union group rejects board plan," *Globe and Mail*, 9 July 1966; "Rail talks reaching crisis stage," *Globe and Mail* 25 August 1966.

the Prairie farmer, will be the principle victim of the strikes that are threatened in various section of transportation and ancillary services ... the government, however it may wobble on other issues, cannot allow a strike that would pose a serious threat to agriculture ... for if the Russian deal is to be consummated wheat must continue to flow without interruption.³⁶

The *Western Producer* prioritized the importance of sales to the Soviet Union, demonstrating how farmers and their grain handling companies supported shifting the CWB away from British markets to focus on establishing other markets for Canadian grain to help draw down the accumulated grain surplus.³⁷ Expanding markets for Canadian grain was easier to do when there was no question about the reliability of Canada's grain transportation system to deliver grain to deep-water ports. It was not just agricultural papers that suggested a strike imperiled Canadian grain sales. A *Globe and Mail* editorial warned that a strike would prevent Canada from meeting "both a national and international commitment" for grain.³⁸

By mid-August, the unions announced that a strike by Labour Day was possible, even likely, should their negotiations continue to go poorly as "conciliation moves [were almost] exhausted."³⁹ The Labour Day timeframe allowed the unions to stage a united strike rather than striking individually; coordinated strikes would have a much more significant effect on the railways.⁴⁰ The *Globe and Mail* suggested that should a strike occur there was some question of whether the unions would "obey the [back-to-work] order without compulsion."⁴¹ Workers in Toronto and Montreal had already been engaging in short "wildcat" strikes at the beginning of August, which helped drive concerns that legislation might not be sufficient to make rail service

³⁶ A. P. Waldron, "Strikes that Canada cannot afford," *Western Producer*, 21 July 1966.

³⁷ Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1963-64* (Winnipeg: Canadian Wheat Board, 1964); Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1964-65* (Winnipeg: Canadian Wheat Board, 1965); Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1965-66* (Winnipeg: Canadian Wheat Board, 1966); Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1966-67* (Winnipeg: Canadian Wheat Board, 1967)

³⁸ "If eventually, why not now?" *Globe and Mail*, 13 August 1966.

³⁹ Jay Walz, "Canada Wrestles with Labor Issues," *Globe and Mail*, 14 August 1966.

⁴⁰ Robert Rice, "Rail unions to discuss unite front for strike," *Globe and Mail*, 9 August 1966; Robert Rice, "Rail unions back united front," *Globe and Mail*, 10 August 1966.

⁴¹ Jay Walz, "Canada Wrestles with Labor Issues," *Globe and Mail*, 14 August 1966.

resume.⁴² Prime Minister Lester Pearson characterized the potential strike as “disastrous”⁴³ and “a national emergency.”⁴⁴ He announced, at the same time that the unions announced their intention to strike, that he would recall Parliament for 29 August 1966 “to consider legislation dealing with issues raised by [the labour] dispute.”⁴⁵ The concurrence of these two announcements revealed the federal government’s commitment to avoiding long disruptions in rail service. Prime Minister Lester Pearson explained “Canada’s economy is dependent on railway transportation.”⁴⁶ Therefore, the government had to consider the right to strike against the national interest.⁴⁷ This position suggested that the federal government was not treating the railways as private profit-driven businesses but as providers of a service in the public interest. Despite the frequent strikes during this period, the use of conciliation or arbitration was much more common than back-to-work legislation. MP Bryce MacKasey, the Parliamentary Secretary to the Minister of Labour, summarized the federal government’s position on ordering the railway workers to return to work and cease striking: “the right of the fishermen, farmers and men of industry throughout this land are such that Canada cannot afford a railway strike.”⁴⁸

With harvest beginning on the prairies, farmers, their organizations, and their provincial governments were especially concerned by the looming strike. The CWB publicly addressed concerns over the potential consequences of a strike and made it clear that it had contingency plans in place explaining they had “loaded the ocean terminals when the strike threat became apparent.”⁴⁹ Ensuring grain was at the ports prior to a strike would allow exports to continue

⁴² “Wildcat rail strike spreads from Montreal to Toronto,” *Globe and Mail*, 3 August 1966; “Toronto Expressmen Strike in Sympathy with Montreal Rail Men,” *Globe and Mail*, 3 August 1966; Robert Rice, “Wildcat strike hinted at Montreal shops by CN, CP repairmen,” *Globe and Mail*, 13 August 1966.

⁴³ Staff, “Canada’s Rail Strike,” *Globe and Mail*, 25 August 1966.

⁴⁴ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7732.

⁴⁵ “Rail unions call strike Parliament is recalled,” *Western Producer*, 25 August 1966.

⁴⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7732.

⁴⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7732.

⁴⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7841.

⁴⁹ CWB Marketing Official [unnamed] quoted in “Shippers lay plans as rail strike looms,” *Globe and Mail*, 24 August 1966.

despite a rail strike thus maintaining Canada's reputation for reliable grain delivery—unless the terminals emptied before the strike ended. A CWB official admitted, however, that “a rail strike will stop grain movement on the Prairies”⁵⁰ Lack of movement on the prairies meant farmers worried their local elevators would become plugged, which would repeat the storage problems they had experienced in previous years when grain movement had slowed or stopped. Despite the CWB's reassurances that they were attempting to safeguard Canada's reputation for reliable delivery, Chief Commissioner William McNamara warned that a strike could still be “disastrous.”⁵¹ Charles Gibbings, president of the Saskatchewan Wheat Pool, was more specific than McNamara about how the strike would compromise Canada's reputation for grain sales. He explained that “a railway strike would further shake the confidence of buyers in our ability to meet commitments ... it doesn't take long for the reputation to be destroyed.”⁵² To prevent damage to the reputation, which he argued was “already tarnished” due to the earlier strikes, Gibbings urged the federal government to take any measure necessary to prevent problems with rail service.

The strike officially began 26 August 1966 with wage increases emerging as the largest issue. The proposed wage increase added a minimum additional cost of 200 million dollars to the total payroll of almost a billion dollars spread across the affected railways (CNR, CPR, and five smaller railways in central Canada).⁵³ The question of rising costs for the railways in relation to grain handling naturally raised the question of the Crow rate's limits on grain freight rates; grain movement depended on the railways as no alternative form of transportation could move grain from the prairies to the ports as reasonably. Although rail service was critical for grain movement, Opposition Leader John Diefenbaker took a long-term view of the potential back-to-work legislation suggesting that his party could not support it if it gave the railways more freedom to set freight rates to offset increased wages. It was a priority to “fight to preserve the regional interests in cheap transportation” and in particular “any proposal to end the Crow's Nest

⁵⁰ CWB Marketing Official [unnamed] quoted in “Shippers lay plans as rail strike looms,” *Globe and Mail*, 24 August 1966.

⁵¹ W. C. McNamara quoted in Peter McLintock, “Manitoba: Is it too late for wheat?” *Globe and Mail*, 3 September 1966.

⁵² C. W. Gibbings quoted in “Demand steps to halt strike,” *Western Producer*, 25 August 1966.

⁵³ Jay Walz, “Canada Wrestles with Labor Issues,” *Globe and Mail* 14 August 1966.

Pass rate.”⁵⁴ Diefenbaker deprioritized the short-term problems in grain exports caused by a strike over maintaining the freight rate ceiling provided by the Crow rate. Diefenbaker and, by extension, his Conservative Party considered railway-related legislation from the position of how it might set precedent for changes to the Crow rate.

The federal government introduced back-to-work legislation to end the railway strike in the form of Bill C-230, which provided for compulsory arbitration. It became law on 1 September 1966. In the bill the government put forward a small wage increase with the suggestion to move it to debate without the standard 48-hour period prior to debate beginning to hasten the end of the strike. This bill was supposed to solve the immediate problems causing the strike but did not address systemic issues; the complementary Bill C-231, to create a national transportation act, addressed these systematic issues. The debate on Bill C-230 highlights how politicians tied agricultural product movement more closely to railway operations compared to passenger transport or other forms of freight; during the debates MPs directly mentioned agricultural products, especially grain, but used the catch-all term “freight” to refer to other products. There were also specific questions related to grain movement and consequences if it failed. For instance, Jack Horner, the MP for the Alberta district of Acadia, raised the question of the cost of demurrage paid by grain companies to ships at the port of Vancouver as a result of the failure to deliver grain as contracted.⁵⁵ Horner’s question indirectly referenced costs to farmers as not only was the cost of demurrage deducted from the price received by farmers but the largest grain handling companies in Canada were farmer-owned cooperatives whose profits and resultant member dividends demurrage payments negatively affected.⁵⁶

When he introduced Bill C-230, Prime Minister Pearson explained the historical context to the bill, recognizing that it was the fourth time since 1949 that a strike had required emergency legislation with three of those times relating to the railways and the fourth to shipping.⁵⁷ Notably

⁵⁴ “Cabinet completes plans for meeting rail crisis; now awaits Parliament move,” *Globe and Mail* 27 August 1966.

⁵⁵ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7747.

⁵⁶ The Alberta, Saskatchewan, and Manitoba Wheat Pools along with United Grain Growers.

⁵⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7771.

both shipping and rail were industries with direct connections to grain movement, a point not missed by MPs. On top of that, Pearson suggested the overall problem was “[t]he law has prevented them [the railways] ... from taking action which would increase their own revenue. This has resulted in subsidies from government.”⁵⁸ This description strongly echoed the MacPherson Commission’s position that the statutory rate and regulation of railways had prevented them from being competitive and profitable for decades, although he did not mention the Commission by name. While the bulk of Pearson’s speech focused on labour-management disputes between railways and their workers, he still emphasized the railways’ inability to provide wage increases due to the regulations governing them. It remained clear that the ideas of increased freight rates and deregulation of railways advanced by the MacPherson Commission had become part of the Liberal government’s understanding of the railway industry.

The influence of the MacPherson Commission was not just part of the Liberals’ understanding of the railways. Throughout the debate on C-230, the Progressive Conservatives and the New Democrats both supported, in different ways, the MacPherson Commission’s recommendations. They consistently castigated the Liberal government for failing to implement the Commissions’ recommendations. NDP federal leader Tommy Douglas explicitly linked the strike to the Liberal government’s failure to “[do] something about the recommendations of the MacPherson report.”⁵⁹ Douglas argued this failure made the railways unable “to operate efficiently and at the same time pay their employees[’] wages that are commensurate.”⁶⁰ He also singled out farmers as being directly affected by the strike without mentioning other groups.⁶¹ The economic and social cost of the lack of grain movement concerned Douglas and the NDP. He suggested there was similarity between the lost wages faced by the striking railway workers and the cost to “farmers who [were] left with produce that cannot now be sold for lack of

⁵⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7771.

⁵⁹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7735.

⁶⁰ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7736.

⁶¹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7737.

transportation.”⁶² Robert N. Thompson, who had recently crossed the floor to the Progressive Conservative Party from being the leader of the Social Credit Party, also raised the Liberal failure to address the recommendations of the MacPherson Commission. Unlike Douglas, however, Thompson did not suggest this failure caused lack of efficiency in railway operations.⁶³ Although the positions of both the Conservatives and New Democrats appear to pit the interests of farmers against the interests of railway workers neither party focused on this division. Rather they used it to highlight the failure to create a national transportation policy that dealt with the issues raised by the MacPherson Commission. More specifically, they argued failing to address the problem of rail costs detailed by the MacPherson Commission meant the Pearson government was responsible for the railways’ wage crisis that touched off the strikes. Liberal Minister of Transport Jack Pickersgill countered this argument by suggesting that the rail strike provided “a sense of urgency” that had not existed about the issues of rail transportation even after the report of the MacPherson Commission.⁶⁴ Essentially, he suggested the government felt no hurry to deal with the MacPherson Commission, as there were no immediate problems with transportation. In looking at the reactions to the Commission’s recommendations and to Bill C-231, which the next chapter discusses, addressing the statutory grain freight rates was a significant impediment to the federal government’s willingness to do anything, as the rates were such a contentious issue.

While the debate focused heavily on the problem of economic stagnation and run-away inflation, the opposition parties also emphasized the idea that the railway labour problem had reached its crisis point due to the failure to deal with the recommendations of the MacPherson Commission and the continuation of the status quo for rail regulations. The opposition argued that had the federal government implemented a transportation policy that relaxed regulation on the railways it would have allowed them to be more competitive with the emerging trucking and airline industries. In turn, this increased competitive ability would have allowed the railways to meet the workers’ demands for increased wages. That the opposition parties linked the issue of

⁶² Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7738.

⁶³ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7739.

⁶⁴ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7988.

wages and employment of railway personnel with the failure to implement the MacPherson Commission shows their acceptance of the premise that the existing railway regulations, including freight rate regulations, were the cause of the railways' refusal to increase wages.

One of the most contentious issues around C-230 was the question of how much of a raise was reasonable for the railway workers and if this raise would result in the railways requiring more government subsidies since heavy regulation reduced their competitive ability. The question of subsidies brought statutory freight rates, both the Crow rate and the Maritime rates, into the debate. In turn, it raised the broader question of how the government was to treat railways. Despite CNR being a Crown corporation, during the debate it was consistent for MPs, particularly opposition MPs, to discuss both CNR and CPR as private companies. Demonstrating that despite considering specific services, such as grain movement, as public goods the companies themselves were not. The debate over the statutory rate rehashed much of the debate presented to MacPherson Commission that had attempted to answer: how much of the railways' function was as a public good compared to a for-profit company? And, equally importantly, how much could the federal government offset the railways' costs so they could provide a public service? For the prairies and the Maritimes their statutory rates were pillars of their economies. As New Democrat David Lewis argued, the statutory rates were part of the overall package of the transcontinental rail system that was "the price of Canada's unity."⁶⁵ Lewis was one of the few speakers during the C-230 debates who made a specific point of differentiating between CPR and CNR. He suggested the "antediluvian and completely unjustified" debt that CNR had been forced to assume at its creation prevented it from making the same level of profit as CPR but the difference should not prevent CNR from increasing workers' wages as the increase was comparatively small.⁶⁶ The debt placed on CNR meant that it was more in need of and deserved more government financing; its burden of debt could not be used to either put its workers in lessened circumstances or as a reason to reduce its service provided under the statutory rates.

⁶⁵ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7843.

⁶⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7845-7846.

The NDP considered the Crowsnest Pass rates sacrosanct; as Lewis said “no one in this house would dare suggest, if he had any sense, that the Crowsnest pass rate be removed.”⁶⁷ Yet despite this support, the NDP argued that the Pearson government had failed by not implementing the recommendations of the MacPherson Commission, which had suggested removal of these rates and treating the railways as private businesses that could increase freight rates at their discretion. This position appeared at first to be internally contradictory as it supported increasing freight rates and maintaining the lower statutory freight rates enjoyed by farmers under the Crow rate. Recognizing the importance of export grain to the Canadian economy, Lewis recommend “parliament and the public treasury should give assistance in order that the burden not fall on the farmers alone” to solve this contradiction.⁶⁸ The bill, however, did not provide extra financial support to railways despite the wage increase it gave to railway workers. The railways spoke with a united voice after C-230 passed describing the bill as “a very expensive settlement.”⁶⁹ CPR President Ian Sinclair said that CPR would “increase our rates where we can” to cover the increased costs.⁷⁰ These costs meant the railways had more incentive to campaign for either increase or removal of the statutory rate. It also did not incentivize them to maintain or improve parts of the prairie rail network that primarily handled grain.

The 1966 general rail strike demonstrated the critical importance of rail transport to the Canadian economy especially for areas outside the central Canadian transportation corridor where trucking was an alternative to rail; trucking prairie grain to ports was deeply unrealistic. Canadian grain could move through several different ports whereas disruptions to rail service prevented any movement of grain as it could not even begin to move from the elevators that received prairie farmers’ deliveries. A rail strike had the potential to not only halt the entire grain handling system but restoring the handling system after the resolution of a strike also took longer compared to a strike effecting any other aspect of the handling system. The August 1967 strike

⁶⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7843.

⁶⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7843.

⁶⁹ K. C. Mason, “Some trains moving again as strike-ending bill passed,” *Western Producer*, 8 September 1966.

⁷⁰ K. C. Mason, “Some trains moving again as strike-ending bill passed,” *Western Producer*, 8 September 1966.

by the Seafarers International Union of Canada (SIU) on the St. Lawrence Seaway indicates the different treatment received by railway workers and port workers. Unlike the previous year, politicians did not characterize the strike as immediately problematic for transportation nor did the CWB or grain handling companies urge the federal government to take immediate action to end the strike. Instead, the federal government suggested that if the strike was more than two weeks long then it might become difficult to fulfill contracted grain shipments. This position echoed the “Western wheat handlers” who were only concerned if the strike was “prolonged.”⁷¹ Although the strike lasted just over a month at thirty-seven days it “failed to ripple the Great Lakes waters” according to labour historian William Kaplan.⁷² The two-week benchmark the government set passed quietly, although the union did publicly state its concern that the government would issue back-to-work legislation “so that the movement of grain would not be held up.”⁷³ Yet grain movement in August was not as serious a concern as it was later in the year since most of the previous year’s crop would already be moved while that year’s harvest was only beginning.⁷⁴ Prairie grain elevators had emptied as much as possible so they could receive the newly harvested crop. This tactic carried into the terminal elevators except for Churchill, which had a reduced shipping season compared to the west and east coast ports. Therefore, in August SIU members had relatively less grain to move and uninterrupted railway service could redirect grain to other ports when required. The importance of grain movement was not lost on the SIU members who suggested that the strike would have had strength if the strike had occurred once “grain elevators were full and there was pressure to keep grain moving.”⁷⁵ The strike was ultimately resolved without intervention from parliament; in Hansard MPs barely mention it and certainly not to the extent they had linked earlier strikes with problems in grain movement and potential revenue losses for grain farmers. The difference demonstrates how

⁷¹ Jay Walz, “Strike Halts Most Canadian Shipping,” *Globe and Mail*, 18 August 1967.

⁷² William Kaplan, *Everything That Floats: Pat Sullivan, Hal Banks, and the Seamen’s Unions of Canada* (Toronto: University of Toronto Press, 1987), 171. Kaplan’s book provides one of the most detailed treatments of this strike but even there it is a very small part of the larger text.

⁷³ Wilfred List, “SIU talks abandoned; early strike end unlikely,” *Globe and Mail*, 20 September 1967.

⁷⁴ A crop year start September 1st and ends August 31st of the next year.

⁷⁵ Wilfred List, “SIU talks abandoned; early strike end unlikely,” *Globe and Mail*, 20 September 1967.

threats to grain movement and its associated threat to Canada's reputation on the international market influenced reactions to labour disputes related to grain handling. The rail strike confirmed the critical nature of rail transportation within the grain handling system.

Damp Grain 1968/1969

The damp grain problems of the 1968/69 crop year illustrate how the grain handling system functioned better with the various parts of the grain industry—the CWB, grain handling companies, farmers, and the railways—acting together through central coordination. The damp grain problem brought the problem of lack of capacity in the grain handling system into public discussions. Federal opposition politicians emphasized two weaknesses: poor grain movement and a lack of system capacity particularly in relation to the total number of available grain cars. Yet, the issue of system capacity was minimal within the internal industry group handling the damp grain problem.

The harvest of 1968 went badly from the beginning with above normal rain throughout the prairies. By early October, farmers had only harvested about 30 percent of the Alberta wheat crop compared to 60 percent in Saskatchewan and 70 percent in Manitoba.⁷⁶ Although the Manitoba and Saskatchewan harvest progress seemed positive, the poor weather conditions downgraded much of the already harvested grain; many prairie farmers harvested tough and damp grain.⁷⁷ Canadian grain company James Richardson and Sons publicly predicted a majority of the prairie wheat crop would “grade No. 4 Northern or lower” a sharp decline in stock quality from previous years.⁷⁸ Since the Canadian grain grading scale for wheat went from No. 1 Northern to No. 4 Special, this prediction implied a huge drop in grain quality and prices

⁷⁶ “Cold, wet weather frustrating efforts to get in Prairie crop,” *Globe and Mail*, 11 October 1968.

⁷⁷ Damp and tough grain has a higher moisture content than will allow for it to be stored a significant period of time without spoilage. The Canadian Grain Commission standards for wheat consider grain tough if it is between 14.6 and 17.0% moisture content or damp if it is over 17.0%. Other cereal grains have similar standards with more variation in the low end of the damp range. The CGC considers canola and rapeseed tough between 10.1 and 12.5% moisture and damp at over 12.5%.

Canadian Grain Commission, “Tough and Damp Moisture Ranges for Canadian Grains,” *Grades and Specifications*, last modified 30 June 2016, <https://www.grainscanada.gc.ca/guides-guides/moisture-teneur/ms-tate/ms-tate-eng.htm>

⁷⁸ Ronald Anderson, “Dark year ahead on wheat farms,” *Globe and Mail*, 15 October 1968.

to farmers. No. 4 Special was the lowest quality human-consumption grade before feed grade, which was suitable only for animal consumption.⁷⁹ No. 4 Northern was one grade better than No. 4 Special. The lower the grade, the lower the value. There was a “15-cent-a-bushel spread between No. 1 and No. 4,”⁸⁰ which meant that even if a great quantity of this low-grade grain sold, farm incomes were unlikely to improve much due to the price differentials between grades. For James Richardson and Sons to predict such a poor grade for the majority of the harvest crop publicly confirmed for international grain buyers the Canadian grain crop would be lower quality than normal so they could expect to purchase it cheaply if they did not need better quality. This poor quality meant that, as the *Globe and Mail* warned, “farmers in the Prairie Provinces [would] have little spare money during the coming year.”⁸¹

The poor harvest conditions led opposition MPs to ask repeatedly how the federal government would support farmers with grain in danger of spoiling.⁸² Wet or damp grain was at a significant risk of spoiling unless it could be quickly dried or frozen. Spoilt grain was not acceptable for either human or animal consumption, rendering it essentially worthless. The best way to deal with damp grain was to dry it, but at the time on-farm aeration and drying facilities were limited as was drying capacity at country elevators. Therefore, drying damp grain into

⁷⁹ The Board of Grain Commissioners, renamed the Canadian Grain Commission in 1971, oversaw inspection for all grades and types of Canadian grain. The Canada Grain Act defined these grade standards. The CGC gives a *certificate final* to every export shipment that guaranteed the shipment met the specifications required by the purchaser. Most wheat produced fell into the Manitoba Northern (often shortened to Northern) category. In 1971 Canadian Western Red Spring (CWRS) replaced the Northern categories. The new CWRS grades refined and strengthened requirements for protein content.

Timothy Petry and Donald Anderson, *Comparative Analysis of United States and Canadian Wheat Grades: Agricultural Economic Report No. 99*, (Fargo, N.D.: North Dakota State Wheat Commission and Agricultural Economics Department, North Dakota State University, Agricultural Experiment Station, 1974), 1-8.

For a detailed description of the CGC grading system see Rajshekhar B. Hulasare, Digvir Jaya, and Bernie Dronzek, “Grain-Grading Systems,” in *Handbook of Postharvest Technology: Cereals, Fruits, Vegetables, Tea, and Spices*, eds. Amalendu Chakraverty, Arun Mukumdar, G.S. Vijaya Raghavan, and Hosahalli Ramaswamy, (New York: Marcel Dekker, 2003), 44-48.

⁸⁰ Ronald Anderson, “Dark year ahead on wheat farms,” *Globe and Mail*, 15 October 1968.

⁸¹ Ronald Anderson, “Dark year ahead on wheat farms,” *Globe and Mail*, 15 October 1968.

⁸² See multiple instances throughout the *House of Commons Debates* for October 1968.

saleable condition had to occur not only in country but also at terminals if the bulk of the harvested crop was to escape spoilage. The poor harvest left farmers in what Regina East NDP MP John Burton described as a “crisis situation” since if they could not dry their grain it would spoil leaving them with nothing.⁸³ To have most of the crop downgraded could decrease already low farm incomes. This decline could in turn negatively affect the prairie economy especially in areas where agriculture was the primary industry.

The largest hurdle to overcome for drying the crop was getting it transported from the farms to driers either at country elevators or at the ports before it spoiled. To do so required coordinated movement of grain between the elevators, the railways, and ports. As the CWB handled grain sales it was the best positioned to coordinate this movement as it could ensure the movement and drying of damp grain did not interfere with fulfilling sales contracts. As Otto Lang, Minister Responsible for the Canadian Wheat Board, assured MPs “the wheat board, in its usual fashion, has the matter [of damp grain] well in hand ... [and] is taking steps, in its usual fashion, to see that the greatest possible favour is given to the handling of damp grain.”⁸⁴ Having the CWB act as the coordinator for the damp grain movement also built on its role in allocating delivery quotas to farmers.

The CWB allocated delivery quotas to farmers. These delivery quotas intended to provide equitable access to the grain handling system; every farmer delivered the amount of grain in their quota to their elevator. Once delivered by the farmer, grain moved under an order system with rail cars allocated to various points and prioritized in the system based on fulfilling sales.⁸⁵ On

⁸³ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 2 (15 October 1968), 1193.

⁸⁴ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 2 (23 October 1968), 1933.

⁸⁵ A paper prepared by the Library of Parliament Research Branch described the way this order work worked:

“The board is informed of supply at each country elevator and issues orders for shipping to the private elevator companies. They in turn notify a local elevator agent who then places an order for a railroad car with the local railway agent. Meantime, the board was given the railway companies an assessment of the overall requirement for grain shipments to the Lakehead or to Vancouver, as well as information on all shipping orders.”

Research Branch Library of Parliament, *The Canadian Wheat Board: Orderly Marketing of Canadian Grain* reprinted in Canada, House of Commons, Standing Committee on

15 October 1968, the Board of Grain Commissioners ordered the grain handling companies and railways to prioritize shipping damp grain to terminal drying facilities. The CWB enforced this prioritization by issuing Permit 100 for all damp grain movement, which ranked it above all other grain except for grain “urgently required to meet sales commitments.”⁸⁶ These orders for prioritization proved to be insufficient to deal with the growing volume of damp grain on the prairies. The quota system also limited how much grain farmers could deliver to their local elevator. In response, on 31 October 1968 the CWB opened a special delivery quota for damp grain above the normal quota designated for farmers. This quota encouraged greater deliveries of damp grain to country elevators, which the railways would then move quickly to port under Permit 100.⁸⁷ The additional quota was an effort to use terminal drying facilities fully while also enabling farmers holding large stocks of damp grain, which was more likely to spoil, to move it off their farms faster than they would have been able to otherwise under the delivery and general quotas.⁸⁸ The plan for solving the damp grain crisis relied not just on farmers delivering but on the railways moving grain to driers quickly, which required logistical oversight of the entire handling system.

The logistics of grain movement were overseen by the Grain Transportation Committee (GTC), which was dedicated to solving grain movement problems.⁸⁹ It was comprised of

Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 2 (5 February 1967), 1035.

⁸⁶ Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1968-1969* (Winnipeg: Canadian Wheat Board, 1969), 23; Operating Group: Grain Transportation Committee, *Report of the Operating Group* (Winnipeg: Grain Transportation Committee, 1969). LAC Winnipeg, Accession 1984-85/488 Box 5

⁸⁷ Operating Group: Grain Transportation Committee, *Report of the Operating Group* (Winnipeg: Grain Transportation Committee, 1969). LAC Winnipeg, Accession 1984-85/488 Box 5

⁸⁸ Canadian Wheat Board. *Report of the Canadian Wheat Board: Crop Year 1968-1969*, 21-22.

⁸⁹ Although its name suggests otherwise, this committee met very irregularly and was active only when extreme issues of grain movement appeared in the grain handling system. It was an oversight committee and designed to enable the various members of the grain handling system to exchange information and cooperate for the best interests of the system. This committee encouraged centralized cooperation between the various members of the grain industry in times of crisis.

The Canadian Wheat Board regularly met with all parts of the industry individually to ensure fulfilment of grain purchases. As CWB Chief Commissioner William McNamara noted

representatives from organizations involved in the grain industry including the Canadian Wheat Board, which chaired the Committee; the Board of Grain Commissioners; the major grain companies including the three prairie Pools, Pioneer Grain, United Grains Growers, and National Grain; terminal operators on the coasts and the Great Lakes; and the two transcontinental railways. By the time the Committee met in November to create the Operating Group subcommittee to focus on the logistics of this grain movement, it was apparent the scale of the damp grain problem was significantly larger in terms of both quantity and geographic scope than any previous times when damp grain caused problems on the prairies.⁹⁰ The situation was indeed a crisis just as Burton had described it in the House of Commons the previous month.

There was already considerable public concern, from politicians and the media, over the damp grain problem. Both the national *Globe and Mail* and the agriculturally-focused *Western Producer* carried numerous stories on the growing damp grain problem and the consequences for low farm incomes. As the *Globe* explained “on the farm this [damp grain] can mean... austerity. The belt-tightening in bad years has national repercussions. Bad years always prove that an industry as large as farming never suffers alone.”⁹¹ The question remained, what would the federal government do to solve the problem? Lang’s defense in Parliament that the CWB was handling the matter did not provide reassurance. Consequently one of the first objectives of the Operating Group was to give a public briefing on how they would be handling the problem of damp grain and to emphasize “the magnitude of the problem” to show its seriousness.⁹² Publicizing the Operating Group showed that the federal government was taking the crisis seriously by putting its trust in an expert group from the grain handling industry. This expert group—headed by the CWB—provided leadership in the crisis and publicly demonstrated

the CWB had a standing arrangement that CNR and CPR “vice presidents located in Winnipeg are on call for consultation with the board and we have many meetings throughout the year.” Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (7 June 1966), 384

⁹⁰ Operating Group: Grain Transportation Committee, *Report of the Operating Group* (Winnipeg: Grain Transportation Committee, 1969). LAC Winnipeg, Accession1984-85/488 Box 5.

⁹¹ “The doubtful millions and miracles,” *Globe and Mail*, 1 November 1986.

⁹² Operating Group: Grain Transportation Committee, *Report of the Operating Group* (Winnipeg: Grain Transportation Committee, 1969). LAC Winnipeg, Accession1984-85/488 Box 5.

cooperation between the various groups involved in the handling system including the railways, which tended to be the first blamed for any problems with the movement of grain.

At the briefing William McNamara, the head of both the CWB and GTC, explained that there were currently “380 million bushels of tough or damp wheat” in storage and he expected the amount to rise.⁹³ The available grain drying capacity compared to the amount of grain that needed dried meant “serious losses” were likely especially as the weather warmed in the spring. Drying all the grain by then would be highly unlikely given the sheer volume that needed to be conditioned.⁹⁴ McNamara stressed damp grain was not a problem solely for farmers or the CWB but that “[a]ll phases of the agricultural industry must pull together to see that the job gets done.”⁹⁵ This phrasing is notable since it takes a problem, which arguably one could consider solely an issue for farmers, as they chose to harvest grain before it was dry, and turned it into a problem the entire industry had to solve. While all segments of the industry would benefit from drying the grain, it is unarguable that farmers harvesting the damp grain gained the greatest benefit although the solution to the damp grain asked no other sector of the industry to do anything that could limit their usual revenue streams.⁹⁶

Questions remained about rail car capacity because of continued issues raised by MPs in the House of Commons about the potential “ability [of the railways] to supply an adequate number of box cars to facilitate the movement of tough and damp grain.”⁹⁷ The focus on boxcar supply perpetuated the long-standing practice of identifying railways as the greatest bottleneck within the grain handling system. McNamara and officials at Canadian National and Canadian Pacific Railways all repeatedly assured reporters that the availability of grain cars was not an

⁹³ “Wheat board head fears losses as half crop stores in bad shape,” *Globe and Mail*, 27 November 1968.

⁹⁴ At temperatures well below zero high-moisture content grain was less likely to heat and begin spoiling. As the weather warmed the grain also warmed, which increased the risk of it beginning to spoil. “Wheat board head fears losses as half crop stores in bad shape,” *Globe and Mail*, 27 November 1968.

⁹⁵ Operating Group Press Release, 26 November 1968. LAC Winnipeg Accession 1984-85/488 Box 5.

⁹⁶ For example, Saskatchewan Power installed gas connections for dryers at no cost throughout the province if the elevator company decided to install a dryer. “Eighth Meeting on Damp Grain,” 29 May 1969. LAC Winnipeg Accession 1984-85/488 Box 5.

⁹⁷ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 3 (7 November 1968), 2514.

issue during the briefing and in subsequent news conferences.⁹⁸ As a CNR official said, “the whole industry is working together.”⁹⁹ There were no problems with the movement of grain and the railways were committed to moving it as fast as possible. The limiting factor to saving the prairie harvest was the drying capacity, yet the public focus remained fixed on the availability of rail cars.

The damp grain crisis demonstrated that if a problem existed in the grain handling system it was not the railways’ ability to move grain cars. The Operating Group discovered the railways were moving grain cars to terminals faster than the terminals could dry the grain, while they also processed cars carrying grain destined for export. The Operating Group found that “unloading facilities at terminal positions are not apparently equal to the task of dealing with the present car supply.”¹⁰⁰ Since the terminals could not process damp grain as fast as the railways brought it, the companies stored damp grain in rail cars at their terminal facilities thereby reducing the transportation capacity of the system because railcars were acting as storage rather than only as transportation for grain. The stock piling of the cars at the terminals increased car turn-around time to the point where grain started to plug country elevators, which further illuminated the fragile balance of the system.

The limited availability of rail cars, due to terminals using them for temporary storage, meant that the Operating Group had to prioritize where the railways would ship damp grain—east to the Great Lakes terminals or west to the terminals at Vancouver. The Group focused on shipping grain to Vancouver to alleviate problems of slow loading times that were increasing ocean freight rates costs due to ships waiting to load accumulating demurrage charges.¹⁰¹ The Operating Group’s final report noted that “[b]ringing this situation under control required persistent effort” to get the companies to decrease their focus on moving damp grain out of their

⁹⁸ “Railways rush prairie grain to elevators,” *Globe and Mail*, 28 November 1968.

⁹⁹ CNR official [unnamed] quoted in “Railways rush prairie grain to elevators,” *Globe and Mail* 28 November 1968.

¹⁰⁰ Operating Group, Minutes of Fifth Meeting of Operating Group, 30 December 1968. LAC Winnipeg Accession 1984-85/488 Box 5.

¹⁰¹ Minutes of Fourth Meeting of Operating Group, December 23, 1968, LAC Winnipeg, Accession 1984-85/488 Box 5.

country elevators at the expense of other grain deliveries.¹⁰² The problem with the terminals being full of dried grain was that it compromised sales. For example, the Operating Group noted “if shipment could have been assured” the Japanese Food Agency would have bought more Canadian wheat but instead purchased wheat from Argentina.¹⁰³ Another danger of the damp crop was that shipments of No. 4 Northern were already low quality and so had the potential to arrive at their destination in substandard condition as happened with a shipment of grain to Japan. In order to maintain its market share and reputation for exporting quality-assured grain, Canada paid Japan \$160,000 in compensation.¹⁰⁴

Since the Operating Group directed the railways to regulate railcars to prevent undue accumulation of damp grain at terminals it meant that grain was not moving quickly out of all areas on the prairies.¹⁰⁵ This situation led opposition leader John Diefenbaker to ask, “[w]hy cannot farmers move their wheat?”¹⁰⁶ Despite both Minister of Transport Paul Hellyer and Minister of Industry Jean-Luc Pepin emphasizing that grain was not moving due to the dryers’ available capacity Diefenbaker and other opposition MPs continued to argue the failure to move grain off the prairies was due solely to lack of rail cars.¹⁰⁷ MPs representing prairie ridings repeatedly raised “the serious problem with regard to box cars and their availability”¹⁰⁸ despite

¹⁰²Operating Group: Grain Transportation Committee, *Report of the Operating Group* (Winnipeg: Grain Transportation Committee, 1969), 6. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹⁰³ Minutes of Fourth Meeting of Operating Group, December 23, 1968, LAC Winnipeg, Accession 1984-85/488 Box 5.

¹⁰⁴ “Canada to pay Japan \$160,000 for damp grain,” *Globe and Mail*, 20 May 1969.

¹⁰⁵ The minutes of the Operating Group note UGG terminals had a persistent problem with grain drying backlogs, while terminals owned by the Pools and other grain handling companies reported only intermittent slowdowns in drying grain. The pile up of cars at the UGG terminals on the Great Lakes was particularly bad since UGG had ordered cars anticipating the arrival and installation of more drying equipment, which would double its capacity, but the equipment was behind schedule. Operating Group, Minutes of Fourth Meeting of Operating Group, 23 December 1968. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹⁰⁶ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 3 (29 November 1968), 3302.

¹⁰⁷ See for example Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 3 (7 November 1968), 2514; (14 November 1968), 2731-2732; (15 November 1968), 2780; (20 November 1968), 2976; (21 November 1968), 3012; (27 November 1968), 3279; Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 4 (16 January 1969), 4362;

¹⁰⁸ Canada, Parliament, *House of Commons Debates*, 28th Parl, 1st Sess, vol. 3 (27 November 1968), 3267.

the evidence showing any shortage of box cars was a consequence of inadequate terminal drying capacity. Blaming the railways and focusing on the lack of grain cars continued the long-term narrative of the railway system as being outdated highlighted during MacPherson Commission. It is clear from the Ministers' answers during this time that the Operating Group kept them well apprised of the unfolding problems connected to dealing with the damp grain. The Operating Group's minutes do not support the idea there was a shortage of boxcars although they describe problems with the speed at which terminals were able to unload and dry damp grain. The minutes do not record problems with cars being available for country elevators.¹⁰⁹ How Ministers uniformly referred to the problem of drying grain at the terminals rather than grain movement by the railways reflects the situation described in the minutes; in short transportation was not the problem.

Ultimately, the drying program for the 1968/69 crop year proved to be more successful than McNamara and the members of the Operating Group had anticipated, in large part due to the effective movement of damp grain through the handling system. The grain handling companies' installation of new dryers and upgrades for existing dryers both at port and in country had also proved beneficial as had the diversion of grain destined for ports to inland government terminals, especially the ones at Saskatoon and Moose Jaw. As the Operating Group noted at the end of May 1969 "very little spoilage had occurred ... the damp grain problem was under control."¹¹⁰ The Saskatchewan Minister of Agriculture "expressed his appreciation to all for helping save the large quantity of damp grain" a sentiment which echoed McNamara's first public briefing where he had characterized the problem as one the entire industry had to work together to solve.¹¹¹ CWB Commission R. L. Kristjanson, who had acted as chairman for the Operating Group, also emphasized the importance of industry-wide cooperation in his remarks to the House Standing Committee on Agriculture in April 1969. He noted that the scale of the coordination of grain achieved during this time period "has never been done before ... [and] many problems were avoided as a result of this cooperation between the sectors involved in the

¹⁰⁹ Operating Group, "Minutes," 23 December 1968. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹¹⁰ "Eighth Meeting on Damp Grain," 29 May 1969. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹¹¹ "Eighth Meeting on Damp Grain," 29 May 1969. LAC Winnipeg, Accession 1984-85/488 Box 5.

grain movement.”¹¹² He explained that on-farm drying, which the government had incentivized farmers to purchase, had “the biggest part of the credit ... [but] that the grain companies and the railways [had] worked very, very hard to maximize the drying of grain at the terminals.”¹¹³ The equality of praise shows how Kristjanson reinforced the idea of equal industry-wide cooperation even though the Operating Group’s statistics record that by 30 May 1969, 73 per cent of the damp grain that had been dried split as 36% dried by farmers and country elevators and 23% dried by terminals.¹¹⁴

The damp grain problem revealed how politicians had emphasized the failure of the railways above any other issue to the point that it would have been difficult for a person following the events based on newspaper reports alone to appreciate the full complexity of the grain handling and transportation system. Focusing the blame on the railways fit with the narrative created by the McPherson Commission that the railways were unable to provide the required level of grain handling services. The public and political perception of grain handling did not match the inside experience of the industry.

Strikes in the 1970s

After the 1966 railway strike, labour unrest did not reemerge as an issue in the grain trade until a series of strikes between 1972 and 1975. The importance of rail transportation within the grain handling system cannot be under-estimated, but strikes at the ports, especially when multiple strikes occurred within a short period of time, could also have significant effects on grain exports. The destination of export grain determined from which port it would be loaded onto a ship. For example, grain destined for Britain shipped from Churchill or moved through the St. Lawrence Seaway ports and the east coast while west coast ports exported grain destined for Asia.

¹¹² Statement by R. L. Kristjanson to the Standing Committee on Agriculture on High Moisture Grain Situation, 18 April 1969. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹¹³ The federal government reduced taxes on dryers to encourage farmers to purchase own grain dryers but despite this incentive the cost of equipment remained high especially since farmers were unlikely to require it every year.

Statement by R. L. Kristjanson to the Standing Committee on Agriculture on High Moisture Grain Situation, 18 April 1969. LAC Winnipeg, Accession 1984-85/488 Box 5.

¹¹⁴ Statement by R. L. Kristjanson to the Standing Committee on Agriculture on High Moisture Grain Situation, 18 April 1969.

Extremely large and lucrative Soviet grain purchases made 1972 a remarkable year for the Canadian prairie grain industry. These sales decreased the long-term problem of how to reduce Canadian grain carryovers and increase farm incomes. The size of the Soviet demand effectively pushed world grain prices upward by late summer of 1972 resulting in noticeably increased farm incomes later that crop year.¹¹⁵ Although the federal government often announced major sales, instead of leaving such announcements to the CWB, they generally did not announce the sales until such information being made public did not have the potential to undermine ongoing sales negotiations.¹¹⁶ This policy meant that during the spring of 1972, when hints that the Soviets were interested in negotiation grain sales with the American government began to appear, Canadian senators were quick to raise concerns that Canada was again going to miss out. Senator Hamilton McDonald argued in March the Americans were getting Soviet purchases because of the lack of “guaranteed deliveries from Canada.”¹¹⁷ The senator’s concerns appeared in conjunction with the announcement that the CWB had sold the Soviet Union grain valued at \$330 million.¹¹⁸ Throughout the spring and into the summer of 1972 the CWB continued to make grain sales to the Soviet Union although information on the sales was not publicly announced until after they were completed. The CWB and Canadian Grain Commission delayed releasing information on marketing by months to maintain the CWB’s bargaining position in the international market.¹¹⁹ On 10 July 1972, CWB Chief Commissioner G. N. Vogel publicly stated the CWB expected to announce it had an agreement with the Soviet Union equal

¹¹⁵ For a fuller discussion of the 1972 Soviet sales including the relationship between the grain sales and the Strategic Arms Limitation Treaty negotiated between the US and USSR see Laura Larsen “Repurposing the Great Grain Robbery, (M.A. thesis, University of Saskatchewan, 2012); Wayne G. Broehl Jr., *Cargill: Going Global* (Hanover: University of New England Press, 1998), 183-227; Roger Porter, *The U.S.–U.S.S.R. Grain Agreement* (Cambridge: Cambridge University Press, 1984); James Trager, *The Great Grain Robbery* (New York: Ballantine Books, 1975); Dan Morgan, *Merchants of Grain* (New York: The Viking Press, 1979).

¹¹⁶ Agricultural ministers announcing sales before CWB officials were ready for announcement of the sales was an ongoing problem although the severity of the problem varied significantly from sale to sale.

¹¹⁷ Canada, *Senate Debates*, 28th Parl, 4th Sess, vol. 1 (29 May 1972), 290.

¹¹⁸ “Prospects improved for Soviet grain sale,” *Globe and Mail*, 7 March 1972.

¹¹⁹ James Rusk, “Canada has record year for grain exports,” *Globe and Mail*, 12 July 1972; “Russian buys \$750 million of U.S. grain,” *Globe and Mail* 10 July 1972; Albert Sigurdson, “Large grain sales force rise in rates for ocean cargoes,” *Globe and Mail*, 12 October 1972.

to the Soviet-American three year grain deal, which was worth \$750 million.¹²⁰ On 18 July, Otto Lang announced the Soviet Union agreed to purchase \$141 million of Canadian wheat that year.¹²¹ Indeed, before this announcement, Vogel predicted in June that “all ports will be operating at full capacity” based on the sales already made and anticipated during the rest of the year.¹²²

When he made this prediction, a strike by longshoremen, which had effectively closed the ports of Montreal, Quebec, and Trois-Rivières since May, had just ended. This shutdown was less concerning than one on the west coast because there were more alternative ports, such as Halifax or Baie Comeau, on the east coast that could load export grain.¹²³ It also meant “it was not too difficult to catch up after the settlement.”¹²⁴ A labour dispute on the west coast, however, had more serious implications. Vancouver was the largest grain port on the west coast so while Prince Rupert and smaller ports could (and did) export grain they lacked the capacity to handle the volume of grain exported through Vancouver.¹²⁵ A strike at Vancouver essentially stopped the majority of west coast exports, which affected shipments to China, Japan, and other Asian markets. It also affected Soviet shipments as the majority moved through the west coast. As a result members of the grain trade watched closely when International Longshoremens and Warehousemens Union (ILWU) members at the port of Vancouver struck on 7 August 1972 to improve hiring practices.¹²⁶ Yet, neither the federal government nor the grain industry treated this strike as seriously as they treated the 1966 rail strike. Instead, the federal government rejected calls to end the strike and instead appointed a negotiator. When questioned, Prime Minister Pierre Trudeau said: “I don’t see what it would accomplish to declare it a disaster area. What does he [BC Premier W.A.C. Bennett] want us to do—declare another War Measures

¹²⁰ “Russian buys \$750 million of U.S. grain,” *Globe and Mail*, 10 July 1972.

¹²¹ Dow Jones News Service, “Soviets to Buy wheat, Barley from Canada,” *Washington Post* 19 July 1972.

¹²² “The end of surpluses,” *Globe and Mail*, 15 August 1972.

¹²³ “Strike threat to grain is cited,” *Globe and Mail*, 11 August 1972

¹²⁴ “Strike threat to grain is cited,” *Globe and Mail*, 11 August 1972

¹²⁵ “Strike threat to grain is cited,” *Globe and Mail*, 11 August 1972

¹²⁶ “Longshoremen called on strike at British Columbia ports,” *Globe and Mail*, 24 August 1972.

Act?”¹²⁷ Labour Minister Martin O’Connell reassured the press and the BC Premier that “we’re getting it ironed out.”¹²⁸

However, when the ILWU expanded the strike to include all British Columbia ports on 23 August 1972 it alarmed Canadian politicians, farmers, and others connected to the grain industry since it meant all west coast grain shipments faced disruption. The expansion showed O’Connell’s claim had been optimistic. The expanded strike not only had the potential to ruin the Soviet grain deal but also to put off other customers for Canadian grain. At that point the strike had already shut down Vancouver for two weeks, while China “expressed concern in a telegram to the Wheat Board about delays in shipments of its orders through Vancouver.”¹²⁹ The strike once again was endangering Canada’s reputation for reliability, which put pressure on the federal government to act.

Like the 1966 railway workers strike, the federal government quickly introduced back-to-work legislation on 31 August 1972. The West Coast Ports Operations Bill received royal assent the following day.¹³⁰ Just like the rail strike, federal politicians positioned the legislation as a regrettable but necessary intervention in the bargaining process; the government did not want “to deprive trade union, employers and employees of the full rights of collective bargaining.”¹³¹ Thus, politicians considered this legislation necessary due to the economic damage the strike could create for the Canadian export grain trade and by extension the entire Canadian economy. In particular, the importance of maintaining Canada’s reputation as a reliable supplier was paramount since “if our [Canada’s] customers cannot depend on our shipments they will look to competitors, which can result in the permanent loss of markets.”¹³² Indeed, Pierre Trudeau

¹²⁷ Pierre Trudeau quoted in John Rolfe, “Ottawa rejects call to act in Vancouver,” *Globe and Mail*, 18 August 1972.

¹²⁸ Martin O’Connell quoted in Rolfe, “Ottawa rejects call to act in Vancouver,” *Globe and Mail*, 18 August 1972.

¹²⁹ “Vogel warns wheat tie-up near disaster,” *Globe and Mail*, 23 August 1972.

¹³⁰ The legislation was Bill C-231— “An Act to provide for resumption and continuation of longshoring, grain handing and related operations at west coast ports.”

Introduced by Minister of Labour Martin O’Connell. Canada, Parliament, *House of Commons Debates*, 28th Parl, 4th Sess, vol. 4 (31 August 1972), 3893; 3949.

¹³¹ Canada, Parliament, *House of Commons Debates*, 28th Parl, 4th Sess, vol. 4 (31 August 1972), 3901.

¹³² Canada, Parliament, *House of Commons Debates*, 28th Parl, 4th Sess, vol. 4 (31 August 1972), 3902.

warned “this government does not intend to permit the benefit gained by all Canadians from its international efforts to be dissipated by a prolonged closing of the ports.”¹³³ The federal government prioritized Canadian export grain over the workers at the ports. As *The Dispatcher*, the paper for the ILWU, noted “in the long run, his [Prime Minister Trudeau] actions do not deal with the problems of Canadian working people in a constructive way.”¹³⁴ The federal government’s treatment of the legislation presented promoting the export grain economy as in the best interests of all Canadians which were also the best interests of the nation both domestically and internationally. As Liberal Senator Paul Martin, Sr. explained “the work stoppage constitutes a threat to the national interest. It is important that our Asian customers, most notably the Soviet Union, China, and Japan, do not lose confidence in our ability to fill their orders for our product.”¹³⁵ These customers were part of the markets that CWB and Department of Trade officials aggressively pursued to expand Canada’s share of the international grain market. While the legislation solved the immediate problem, the structure of grain handling remained unchanged and thus vulnerable to disruptions.

During 1973 strikes continued to impede grain movement. Many of the strikes were short and localized to specific ports, so the overall effect on grain movement was limited but a strike by the non-operating railways workers had national effects. The railway workers’ strike is important to examine for what it reveals about how both the unions and the federal government handled grain movement during it. Non-operating railway workers with both CNR and CPR began rotating strikes on 23 June 1973 and were legislated back to work on 1 September 1973.¹³⁶

¹³³ Pierre Trudeau quoted in Canada, Parliament, *House of Commons Debates*, 28th Parl, 4th Sess, vol. 4 (31 August 1972), 3902.

¹³⁴ “Playing Canadian Football,” *The Dispatcher*, 15 September 1972. For the unionized workers the positive part of the legislation was that it allowed them to begin striking after 31 December 1972 and the legislation included a NDP’s amendment to make any contracted negotiated until that time apply retroactively to when the previous contract expired. “Special Dock Law Expires December 31,” *The Dispatcher*, 15 September 1972.

¹³⁵ Canada, *Senate Debates*, 28th Parl, 4th Sess, vol. 1 (1 September 1972), 619.

¹³⁶ Although the legislation came into effect on 1 September 1973 various union locals continued to strike until 10 September 1973. Labour Canada, *Strikes and Lockouts in Canada 1973* (Ottawa: Information Canada, 1975), 68; “Law ends strike of rail unions, sets minimum increases in pay,” *Globe and Mail* 3 September 1973; “B.C. Railmen agree on return to jobs, want charges dropped, will work to rule,” *Globe and Mail*, 11 September 1973.

Grain movement was a primary concern with the disruptions to rail service.¹³⁷ Previous rail strikes demonstrated that interference with grain movement, while an effective tactic for gaining attention from politicians and the public which could translate to pressure on the employers, quickly resulted in back-to-work legislation or enforced mediation. With the announcement of this strike, the railway workers' union suggested that their members would continue to handle grain as well as essential foods so that no disruption in movement would occur provided CNR and CPR agreed. Minister of Labour John Munro praised the unions for this offer describing it as "the most constructive solution we can image to ensure that grain is moved adequately."¹³⁸ Indeed, the movement of grain for export was not a primary concern during this rotating strike because of the implementation of this offer. On 23 August 1973 when the strike became nationwide, in a similar manner to the 1966 national rail strike, the concern for the stability of grain exports reappeared.¹³⁹ The union's switch in tactics meant that grain movement halted as their members were no longer performing any work. Jim Hunter, one of the strike coordinators, suggested that "workers would probably benefit if Parliament is recalled to legislate a settlement [because] 'we haven't been able to budge the companies any other way.'"¹⁴⁰ The progression of this strike demonstrates how the union used the threat of delays in export grain as part of their bargaining tactics as it was understood the federal government protected grain movement.

Already a reoccurring impediment to smooth grain movement, grain-related labour disputes grew even more significant in 1974 due to the volume of disputes and the length of some of the disputes. Reflecting on the problems of 1974 Progressive Conservative MP Arnold Malone pointed out that "starting in May of last year [1974], we find that in total there have only

¹³⁷ Canada, Parliament, *House of Commons Debates*, 29th Parl, 1st Sess, vol. 6 (23 July 1973), 5869; Canada, Parliament, *House of Commons Debates*, 29th Parl, 1st Sess, vol. 6 (24 July 1973), 5916.

¹³⁸ Canada, Parliament, *House of Commons Debates*, 29th Parl, 1st Sess, vol. 6 (26 July 1973), 5984.

¹³⁹ William Borders, "Trudeau Calls Parliament to End Railroad Walkout," *Globe and Mail*, 28 August 1973.

¹⁴⁰ Malcom Gray, "Effective immediately for indefinite period: Rail strike goes country-wide," *Globe and Mail*, 24 August 1973.

been eleven weeks of free movement of grain in this country ... labour organizations were once again putting on the pressure where they knew it hurts.”¹⁴¹

Strikes created both short-term and long-term consequences for grain handling. In the short-term, the disruption of grain movement could have immediate repercussions both for grain movement from the farm gate to the ports and with the ability to deliver on sales contracts. Delayed delivery invoked demurrage costs that farmers ultimately paid. In the long term the inability to deliver on time encouraged perceptions of Canada as an unreliable seller, which raised serious concerns for any purchaser with time sensitive needs. Grain sales, especially the country-to-country ones, were often time sensitive as the governments purchased Canadian grain with the intention of feeding their own people. As a *Globe and Mail* article pointed out “the value in dollars of the undermining of the Canadian reputation as a dependable supplier of food grain to the world’s hungry cannot be estimated.”¹⁴² CWB transportation director Michael Martin suggested part of the damage to Canada’s reputation came from the fact that “certain countries—Communist countries particularly—don’t understand a strike, especially since they don’t have them... but if we can’t meet what we have on our books, somebody somewhere goes hungry.”¹⁴³ Indeed, the importance of feeding those who needed it was, for farmers and MPs, nothing short of a moral obligation.

In reflecting back on the strike, Progressive Conservative MP Arnold Malone asked, how could the Liberal government respect of the right to strike without considering that Canada’s own Bill of Rights said “freedom is founded upon respect for moral and spiritual values and the rule of law”?¹⁴⁴ His answer to this rhetorical question illustrates the intertwining of the moral importance of providing food to a hungry world with supporting the reduction of financial hardship on farmers. Malone suggested the government needed to look at intervening in strikes when they challenged moral and spiritual values:

¹⁴¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 4 (19 March 1975), 4303

¹⁴² Judy Waytiuk, “Canada’s image as grain supplier dimmed by strike,” *Globe and Mail* 17 December 1974.

¹⁴³ Michael Martin quoted in Judy Waytiuk, “Canada’s image as grain supplier.”

¹⁴⁴ Canada, Parliament, *House of Commons Debates*, 29th Parl, 1st Sess, vol. 6 (23 July 1973), 5869; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 4 (19 March 1975), 4302.

when we take a look at the question of spiritual and moral laws I challenge this government, when the largest ship ever to go to the port of Vancouver is stranded at that port waiting to take grain destined for Bangladesh, to show where its sense of moral and spiritual law is... 12,000 people a day are dying of starvation or malnutrition. One must ask where is the moral obligation of this government when only 40 people can hold up the grain industry... Who is looking after the farmers, who, in every instance, end up paying at least part of the short [sic].¹⁴⁵

The strong tie between morality and supplying food was not a feature of discussion during previous strikes. Conservative MP Jack Murta suggested that not only was Canada's share of the grain market in jeopardy but any concern for Canada's "loss in world reputation" went together with its "moral obligation to move grain to feed the world at a time in which famine and starvation are becoming widespread."¹⁴⁶ This new focus on the moral importance of maintaining export grain was a reflection of the growing international food crisis that peaked in 1974; total food aid given to countries in need fell as food prices—including grain prices—increased sharply.¹⁴⁷ While Lester Pearson's Nobel prize set Canada on the international stage as a peace maker part of its reputation rested on its international aid and development work. Indeed, it was Pearson who began the practice of offering Canadian wheat as food aid instead of providing only financial aid.¹⁴⁸ Successive federal governments continued the practice of using Canadian grain for food aid, partly as political scientist Mark Charlton argues, to try to reduce surplus grain stocks.¹⁴⁹ By the time the rail strike went national, food aid and the problems it attempted to address were top-of-mind for politicians. The federal government had "committed itself at the

¹⁴⁵ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 4 (19 March 1975), 4302.

¹⁴⁶ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 193.

¹⁴⁷ For greater discussion of the 1972-74 food crisis and Canadian participation see: Mark W. Charlton, "Continuity and Change in Canadian Food Aid," in *Canadian International Development Assistance Policies: An Appraisal*, ed. Crandford Pratt (Montreal: McGill-Queen's University Press, 1994), 55-86; Sue Horton, "The 1974 and 2008 Food Price Crisis: Déjà vu?" in *The Global Food Crisis: Governance Challenges and Opportunities*, eds. Jennifer Clapp and Marc J. Cohen (Waterloo: Wilfrid Laurier University Press, 2009), 29-41; Mark Charlton, *The Making of Canadian Food Aid Policy* (Montreal: McGill-Queen's University Press, 1992).

¹⁴⁸ Charlton, *The Making of Canadian Food Aid Policy*, 18.

¹⁴⁹ Charlton, *The Making of Canadian Food Aid Policy*, 20-25.

World Food Conference in Rome in 1974 to supply one million tons of grains every year for the following three years.”¹⁵⁰ So politicians concerned with disruptions in grain movement and therefore grain exports had present-day events to emphasize grain movement was for both commercial and aid purposes.

While reliability of supply remained a primary consideration during previous strikes, the sheer volume of strikes in 1974 meant that the issues of the costs borne by farmers became increasingly prominent during debates over how to handle the strikes. Farmers themselves were increasingly and publicly frustrated with the strikes. Even the *Western Producer's* coverage, which in previous years acknowledged the striking workers had some valid issues, switched to focusing exclusively on the undue hardships faced by farmers. The switch in coverage, however, did not stem entirely from farmer frustrations. One of the major disputes was between grain handlers at the Port of Vancouver and the grain handling companies that owned the port terminals. The companies involved were the Saskatchewan Wheat Pool, which funded the *Western Producer*, Alberta Wheat Pool, Pacific Elevators, United Grain Growers, and Burrard Terminals. This disruption beginning 19 May 1974 and lasting until 10 October 1974 involved the companies locking workers out and workers going on strike.¹⁵¹ Similar to other strikes during the 1960s and 1970s, and consistent with mainstream economic worries, dealing with inflation was at the heart of the dispute.¹⁵² The grain handlers wanted their wages increased to reflect inflation. Much like other strikes that related to grain, there was immediate concern over the potential for the strike to jeopardize grain sales.¹⁵³ The federal government threatened to force a 61% wage increase on the five companies recommended by “conciliation commissioner

¹⁵⁰ Charlton, *The Making of Canadian Food Aid Policy*, 27.

¹⁵¹ “Six-week shutdown forecast as B.C. grain flow halts,” *Globe and Mail* 27 August 1974.

¹⁵² Rising inflation and interest rates were a source of considerable economic concern for Canadians. For more discussion of the relationship between strikes and inflation see: Carolyn Tuohy, “Industrial Relations and Labour-Market Policy,” in *Policy and Politics in Canada: Institutionalized Ambivalence* (Philadelphia: Temple University Press, 1992), 159-210; Douglas Smith, “The Impact of Inflation on strike activity in Canada,” *Industrial Relations* 31, no. 1 (1976): 139-145.

¹⁵³ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 4 (19 March 1974), 4302.

Neil Perry.”¹⁵⁴ This large increase was to put the grain handlers’ salaries at parity with those of the longshoremen, who had struck and won increased wages earlier. The two groups did similar jobs so the difference in salaries was a major issue for the grain handlers especially since inflation over the past several years had substantially decreased the purchasing power of their wage. Despite Perry’s report and reoccurring attempts to find a settlement between the workers and the companies, the negotiations remained deadlocked.¹⁵⁵ The federal government introduced Bill C-12, the West Coast Grain Handling Operations Act 1974, to end the strike and force a contract on 7 October 1974.¹⁵⁶

Grain movement through the port of Vancouver slowed by 50% due to the labour disputes. The CWB noted it had lost grain sales as Japanese buyers turned to American grain to fulfill their needs.¹⁵⁷ Japan was a major market for Canadian grain and to lose sales to the Americans was a particularly galling prospect as there was a history of the two countries competing for market share. During the dispute at the port of Vancouver both China and Japan complained repeatedly about delays receiving their grain shipments. Since the late 1950s the CWB had been cultivating access to these markets and attempting to increase its market share. The problems at Vancouver had the potential to undo the market access cultivated by the CWB since the late 1950s. In the worst case scenario, Canada could lose these “coveted” markets to Australia and United States.¹⁵⁸ A Chinese wheat purchase valued at \$350 million stipulated a maximum of sixty percent of the total 76.4 million bushels could move through Vancouver while

¹⁵⁴ “Bill to be introduced in Parliament today would end grain tieup,” *Globe and Mail* 4 October 1974.

¹⁵⁵ A brief description of the events between when the Minister of Labour received Perry’s report on April 29th and the tabling of the Bill appears in Canada, Parliament, House of Commons Debates, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 165.

¹⁵⁶ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 155.

¹⁵⁷ James Rusk, “Grain handlers’ strike forces Japan to buy U.S. wheat,” *Globe and Mail* 4 October 1974; William Borders, “Canadian Farmers’ Hopes dashed for peak wheat sales,” *New York Times* 19 August 1974.

¹⁵⁸ Ned Powers, “Grain tieup has worried farmers watching the sky,” *Globe and Mail* 31 August 1974.

other ports handled the other forty percent demonstrating the seriousness of the backlog at the port of Vancouver.¹⁵⁹

The slow down effectively created two problems: ship loading time increased and car turnaround time increased. Increased car turnaround time meant that it took longer for grain to move from the prairies to the ports as cars remained at port longer, which reduced the overall capacity for movement within the system. Increasing ship loading times caused the accumulation of demurrage charges when it took more time than specified in the contract to load the ship. A *Globe and Mail* reporter dispatched to Saskatchewan found that “farmers believe the income boost for the [grain] handlers is moderate...[but] farmers are getting irritable because the Canadian Wheat Board has already lost about \$20-million in demurrage.”¹⁶⁰ By the time the strike ended in 1974, opposition MP Jack Horner estimated demurrage charges, which came out of the CWB pool accounts were “more than \$10 million.”¹⁶¹ These accounts came from money received for sales of farmers’ grain so ultimately farmers paid the demurrage. Horner made this estimate despite the fact the 1974 annual report for the CWB was not available until after the end of the crop year. When the report came out, it was clear he had underestimated. Demurrage charges were \$13.1 million for wheat and \$3.9 million for barley – totaling just over \$17 million.¹⁶² The *Western Producer* reported demurrage had increased 612 percent compared to the previous year, which showed the financially damaging and disruptive nature of the strikes.¹⁶³ Although opposition MPs suggested the federal government should provide compensation to farmers by paying the demurrage but the federal government rejected the idea as the cost was beyond their focus on ending the labour dispute. Writing a letter to the editor of the *Western Producer* in early 1975, Stuart Makaroff from Saskatoon argued, “man-made obstacles like inflation and strikes are destroying the family farm and our nation. In addition to higher costs, strikes result in lost markets, transportation difficulties, demurrage charges and shortages . . .

¹⁵⁹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 169.

¹⁶⁰ Ned Powers, “Grain tieup has worried farmers watching the sky,” *Globe and Mail* 31 August 1974.

¹⁶¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol 2 (18 November 1974), 1406.

¹⁶² Canadian Wheat Board, *Report of the Canadian Wheat Board 1973-1974*, (Winnipeg: Canadian Wheat Board, 1975), 54, 58.

¹⁶³ “Big increase in demurrage,” *Western Producer*, 8 May 1975.

farmers [need to] take legal action against the unions that have created hardships ... farmers through the Pools are in a very good position to defend themselves.”¹⁶⁴ He situates export grain as being good for Canada while suggesting that farmers, who produce it, are struggling while their problems are being ignored.

The CWB’s report explained the unusually high demurrage costs as a consequence of slow grain movement caused by labour disputes especially strikes by railway workers and grain handlers.¹⁶⁵ They calculated “strikes and slowdowns ... affected grain shipments on 143 out of 220 working days ... [or] 65 percent of the working time.”¹⁶⁶ Although demurrage costs were significant for the 1973/74 crop year, the CWB’s report for that year did not single out this issue for further discussion. By contrast, the CWB’s 1974/75 *Annual Report* more directly addressed problems created by labour disruptions using a graph (Figure 3.1) to emphasize when disruptions from strikes occurred.

¹⁶⁴ Stuart Makaroff, “Strikes,” *Western Producer*, 10 April 1975.

¹⁶⁵ Canadian Wheat Board, *Report of the Canadian Wheat Board 1973-1974*, 35.

¹⁶⁶ Canadian Wheat Board, *Report of the Canadian Wheat Board 1974-1975*, (Winnipeg: Canadian Wheat Board, 1975), 35-36.

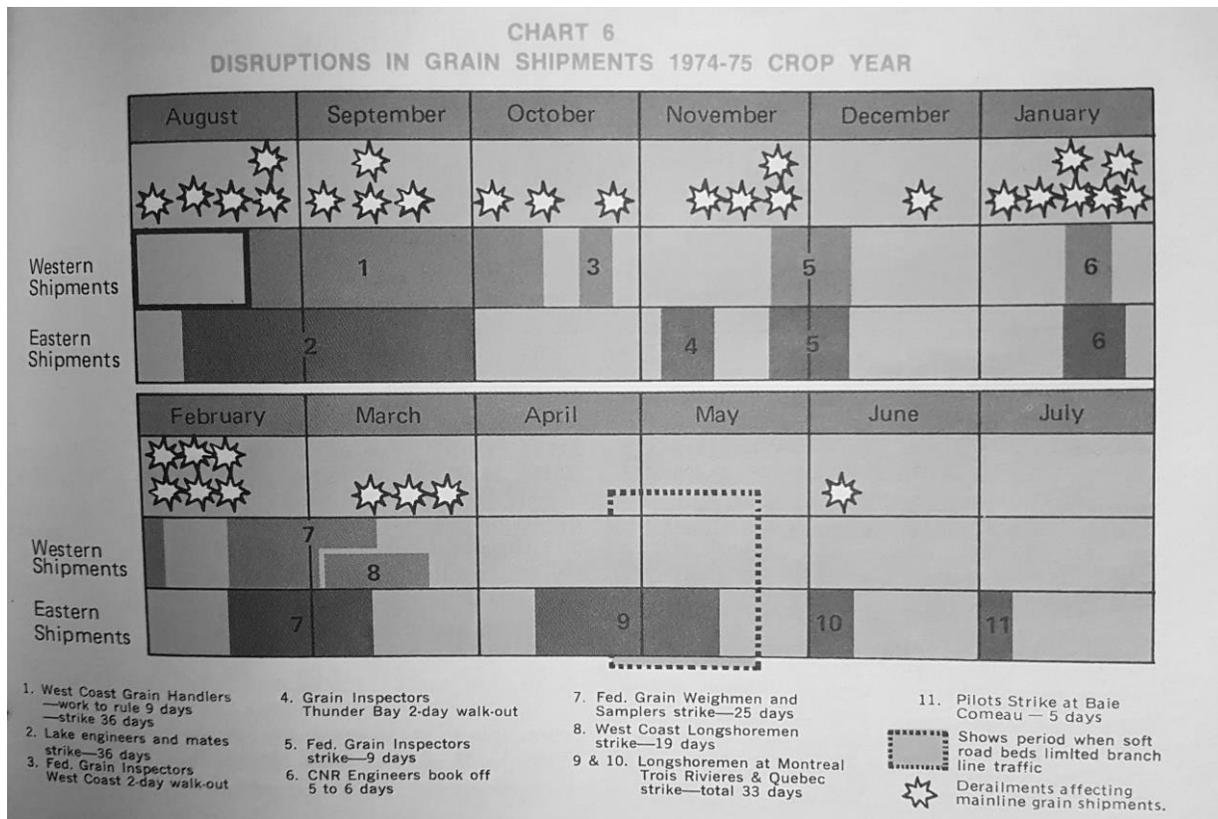


Figure 3.1 Graph from the CWB Annual Report showing strikes and other problems with grain movement for the 1974-1975 crop year¹⁶⁷

The graph made the number and timing of disruptions obvious to a reader compared to a text discussion. This graph also highlights the frequent train derailments, which not only meant some grain lost due to the derailment but it also created an extra expense for the railways in dealing with the derailed train and repairing any damage to the track caused by the derailment. The strikes cost demurrage and the CWB's annual report also noted Canada exported significantly less grain due to the labour disputes.¹⁶⁸ Given that 1973/74 grain prices quickly rose to "to unprecedented heights" the poor grain exports were particularly frustrating for everyone, from prairie farmers to CWB officials, involved in Canada's export grain sector.¹⁶⁹ The 1974/75 crop compounded this frustration as poor weather resulted in a smaller and lower quality grain crop. There were labour disputes throughout the grain sector, but most disputes were at the ports. The

¹⁶⁷ Canadian Wheat Board, *Report of the Canadian Wheat Board 1974-1975*, 35.

¹⁶⁸ "Strikes, weather cut exports," *Western Producer*, 8 May 1975.

¹⁶⁹ Canadian Wheat Board, *Report of the Canadian Wheat Board 1973-1974*, 1.

disputes continued to cause considerable problems with reliability of shipments, which “undermin[ed] the Wheat Board’s relations with its customers.”¹⁷⁰

The 1974 strike demonstrated once again that Canada’s grain handling system was delicate, and vulnerable to any disruption. Problems with grain movement off the prairies, the threat to Canada’s reputation as a reliable supplier, and the costs associated with strikes were old issues that reoccurred with any prolonged strike that affected grain handling. As Alvin Hamilton complained during the debate on the West Coast Grain Handling Operations Act, “the issue we are discussing today is like a gramophone record I have been hearing for 20 years.”¹⁷¹ While strikes over the year highlighted problems there were no long-term solutions for them instead short-term contracts for workers pushed a problem in one part of the handling system into the background only for problems in a different part to replace it. Examining the many issues that hampered grain movement it was clear that solving issues only at one terminal or in one area would not be enough. As Hamilton said, “we need a new grain handling system on the prairies to tie up with the modernization of the grain handling system on the coast.”¹⁷² The entire system, especially the rail movement of grain, had to be able to quickly return to normal after a disruption.¹⁷³ Railway service was the lynch-pin of the system as it facilitated the movement of grain throughout the system.

Conclusion

Labour disputes emerged as a significant threat to Canada’s reputation as the world’s reliable breadbasket. The disputes highlighted how the grain handling system was vulnerable to labour disruptions. Disruptions caused by railway unions’ strikes demonstrated the importance of good rail service but strikes by non-railway workers also created a domino effect that spread throughout the grain handling system through the effects on railways. The domino effect showed how the grain handling system in turn depended on the railways. The federal government dealt with these issues on a case-by-case basis but it was repeatedly clear that the government

¹⁷⁰ Canadian Wheat Board, *Report of the Canadian Wheat Board 1974-1975*, 19.

¹⁷¹ Canada, Parliament, House of Commons Debates, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 180.

¹⁷² Canada, Parliament, House of Commons Debates, 30th Parl, 1st Sess, vol. 1 (7 October 1974), 182.

¹⁷³ Albert Sigurdson, “Grain transport problems grow as exports far short of promises,” *Globe and Mail* 11 April 1974.

prioritized grain movement and reacted to perceived threats to it. The repetition of the events surrounding strikes in the 1960s and 1970s also demonstrated that the grain handling system had not changed. Opposition politicians used the vulnerability of the grain handling system during strikes to push the federal government to follow through on the recommendations of the MacPherson Commission. Despite, the Commission supporting reduced regulation, the events of the 1968-69 damp grain crisis showed the importance of centralized oversight for grain movement. This event also showed the difficulty of turning away from the long-standing cultural narrative of blaming the railways for any grain movement problems. The repeated public concern over the ability of the railways to supply boxcars, in spite of the fact those closest to the disruptions, the CWB and grain companies, saw labour disruptions as the proximate cause of supply disruptions, supported the railways' public claims that they could not invest in grain transportation due of the poor return on investment they received under the Crow rate.

Chapter Four: Solving the Problems of the Grain Handling and Transportation System, 1967-1975

At a 1966 meeting of the House Committee on Agriculture, Forestry and Rural Development, the Minister of Agriculture, J. J. Greene, explained that despite the switch from Diefenbaker's Conservatives to Pearson's Liberals as the federal governing party the fundamental goals of government agricultural policy remained unchanged. The priority remained "to bring about conditions in our agricultural economy which will enable the normally efficient family farm to produce a minimum net income at least as good as the national average in industrial wages."¹ Not only was it important for farmers to earn a living, but it was critical to Canada's future as "there are 720 new mouths to feed every day, and 160,000 more every day in the world as a whole."² The burden of producing the food required to feed the growing population fell to the farm population, which Greene noted had increased its productivity faster than industrial productivity, yet farm incomes had not kept pace.³ While this increased productivity answered the demand from the world's growing population he warned the Committee:

We have become accustomed, in our western world, for some time now, to think in terms of abundance of food. This certainly is not the case in many other parts of the world, and it is becoming more and more evident that we would be wrong to be complacent about food supply.⁴

Thus to ensure Canadians' continued access to abundant food supplies and to retain Canada's position as a reliable breadbasket for the world, it was important that Canada maintained its agricultural production which meant that farmers needed to stay on the land. Yet, if government policy could not improve farm incomes there was no question that Canada would see an exodus from the farm community. As Greene warned, "I do not think there are saints in agriculture any

¹ Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (29 April 1966), 75-76.

² Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (29 April 1966), 78.

³ Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (29 April 1966), 77.

⁴ Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (29 April 1966), 77.

more than in other fields of human endeavor, and it is economics that will determine whether the farmer stays in the farm business or goes elsewhere.”⁵ Although Greene explained this agriculture problem, it remained difficult to pinpoint solutions, as there was no single action that provided improved farm income. Any solution to improving prairie grain farmers’ incomes fell into one of two categories: expanding markets for Canadian grain or reducing production.

Reaction to disruptions of the grain handling system highlighted the link between the goal of improving farm incomes and improving the reliability of the system, including its ability to rebound from any disruption. Opposition politicians used the general rail strike of 1966 to chastise the federal government for failing to implement the recommendations of the MacPherson Commission. In response, the federal government introduced legislation that eventually formed the basis for the 1967 National Transportation Act. The debates over this legislation in the House of Commons demonstrate that attempts to change the statutory rate on grain to improve railway transportation met strong resistance as prairie politicians argued these rates were a public and historic promise to the prairie provinces’ grain economy. The Liberal government’s assurances that the legislation would not diminish the statutory rate showed the politically sensitive nature of the rates and the government’s unwillingness to directly challenge the idea of grain movement being a public good.

Concurrent with this growing challenge to the prioritization of grain movement as a public good, the federal government worked to solve the problem of low farm income. While opening new markets for Canadian grain remained an important solution, the federal government attempted to reduce production through the Lower Inventory for Tomorrow (LIFT) program. This production reduction program received strong criticism. Canadians and their politicians understood world hunger to be an ongoing problem, yet LIFT encouraged farmers to reduce their food production. This approach contradicted the popular stereotype of prairie farmers feeding the world and Canada’s international image as a peace maker and a humanitarian force in the global economy.

The solution of cutting production to improve farm incomes was deeply unpopular, thus the federal government discontinued it after one year. The 1972 Soviet grain purchases provided

⁵ Canada, House of Commons, Standing Committee on Agriculture, Forestry and Rural Development, 27th Parl, 1st Sess, vol. 1 (29 April 1966), 78.

a solution to the farm income crisis since they increased grain prices. The extremely large purchase orders, however, renewed concerns over the ability of the handling system to move grain efficiently and effectively. Anticipating problems meeting Soviet grain purchases, however, encouraged Otto Lang, Minister of Justice and Minister Responsible for the Canadian Wheat Board to recommend removing the Crowsnest Pass Agreement in order to modernize the railway system and thereby improve its efficiency. The hostile reaction to Lang's suggestion demonstrated that a majority of prairie farmers and politicians opposed removal of the Crow rate, yet it also revealed a small minority of farmers who were willing to accept increased costs for the promise of improved transportation. It was clear that the agricultural community opposed any changes to the Crow rate but at the same time, concerns over grain movement left the impression that the status quo concerning the grain handling system was also unsustainable. Therefore, the federal government called two commissions to examine the grain handling system: The Grain Handling and Transportation Commission, chaired by Justice Emmett Hall, and the Commission on the Cost of Transporting Grain by Rail chaired by Carl Snavely. This chapter examines attempts to improve the grain handling system and how improved farm incomes created the circumstances that allowed the federal government to attempt to revise the farmer-benefiting Crow rate, which ultimately resulted in the two commissions of inquiry.

National Transportation Act 1967 and the Canadian Transportation Commission

The National Transportation Act received royal assent in 1967, and drew on the MacPherson Commission's recommendations for improving the Canadian transportation system through reduced regulation and enhanced competition. It recast Canadian transportation regulation as modernizing by transitioning from a highly regulated and controlled environment to one that allowed more independent choice within a regulatory framework.⁶ As chapter two demonstrated, the recommendations of the MacPherson Commission in relation to prairie grain transportation were controversial and encouraged the prioritization of railway profits and the understanding of railways as private businesses. In 1966 the federal government introduced Bill C-231, which created the National Transportation Act, directly after it introduced Bill C-230, which legislated striking railway workers back to work. The rail strike provided an incentive for the federal government to enact a new national transportation strategy. The introduction of Bill

⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

C-231 on the heels of a general rail strike highlighted the integral nature of railways within Canada's national transportation structures. Indeed, Minister of Transport Jack Pickersgill even introduced Bill C-231 during the first round of the debates on how to handle the railway workers' strike. In his introduction, Pickersgill put forward a short summary that made clear the government's intent was for C-231 "to define a national transportation policy for Canada suited to modern transportation requirements."⁷ Transportation was always a complex subject in Canada due to the combination of transportation types, the country's large and varied geography, and the fact that both federal and provincial governments had jurisdiction in transportation related areas. As a result, Bill C-231 was a "fantastically complicated piece of legislation" as the *Western Producer* explained to its readers.⁸

The federal government introduced the first iteration of the bill in 1964 but this "revolutionary measure" failed to make it through the House.⁹ Pickersgill suggested the failure of the government's first attempt was ultimately positive, since there were so many revisions in the intervening time period that the "collective wisdom" of the House had improved the current Bill C-231 in ways that would have been impossible if the government had rushed the Bill through in previous sessions.¹⁰ Pickersgill was careful to point out, however, that this type of politicking on transportation was the only acceptable approach. Neither MPs nor the nation could afford to countenance partisan politics where MPs focused on specific interests, either groups or regions, "above the broad interests of the whole community."¹¹ Cautiously introducing the Bill, Pickersgill forestalled criticism from the regional perspective of the Maritimes and the prairies. These regions had the most serious and on-going transportation issues as amply demonstrated during the recent debate on C-230, which legislated striking rail workers back-to-work while providing a settlement for them. Pickersgill recognized that regionally based criticism could

⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

⁸ K. C. Mason, "New Policy won't affect Crow's Nest Pass rates," *Western Producer*, 15 September 1966.

⁹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7988.

¹⁰ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7989.

¹¹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8, (1 September 1966), 7989.

draw out the debate making it difficult to pass the legislation if it did not satisfy regional needs. Secondly, his emphasis on the importance of working together to move the National Transportation Act echoed the Liberals' arguments from the back-to-work legislation of Bill C-230—it was in the nation's best interest to pass the legislation quickly. Pickersgill presented C-231, therefore, as being urgent but ultimately without major consequences since its focus was on the creation of a National Transportation Agency, which the final legislation called the Canadian Transportation Commission (CTC). This vocabulary helped to suggest that the Liberals were taking responsibility for the major regulations and changes to Canadian transportation industries. The urgency of passing the bill came not from the direct changes it made but from the creation of a new government agency to solve the transportation problems that had been plaguing Canada since the MacPherson Commission.

The CTC oversaw policy and handled all transportation related issues. It managed freight rates, including the statutory grain rates, and all related issues. The CTC replaced the Board of Transport Commission, which historian Ken Cruikshank suggests struggled to appear as an objective regulator, and put in its place a new regulatory agency with the explicit mandate of advancing the government's transportation policies.¹² As Pickersgill explained the CTC “provide[d] for new methods of fixing freight rates and for the rationalization of branch lines of railway.”¹³ Taken alone, this description created concerns for those who wanted to maintain the decentralized branch line rail network and the Crow rate. National Farmers Union (NFU) secretary-treasurer and main spokesperson, Stuart Thiesson, suggested the clear references to the MacPherson Commission during the introduction of C-231 created the potential for the railways to ask for permission to increase freight rates, which could then lead to the CPR adding more “pressure for abandonment of the Crow's Nest Pass rates on export grain shipments.”¹⁴ The NFU's stance on the Crow rate was consistent with other farm groups, such as the Farmers' Union of Alberta and the more centrist Canadian Federation of Agriculture, who saw any

¹² Ken Cruikshank, *Close Ties* (Montreal: McGill-Queen's University Press, 1991) especially chapter 9.

¹³ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

¹⁴ “Warning by Thiesson,” *Western Producer* 1 September 1966.

increase in the Crow rate as putting greater costs on their members without providing any commensurate benefits.¹⁵

For supporters of the Crow rate, the legislation for the National Transportation Policy grew positively alarming when combined with the fact the CTC was to oversee payment to the railways to assist with “orderly adjustment to the new freight rate of structures and **the removal of other forms of assistance to railways** [emphasis added].”¹⁶ This premise clearly signaled a shift in the government’s position on railways as a unique transportation service that provided a public good, to simply one of the many transportation options available to Canadians. Pickersgill’s explanation further reinforced this shift as he noted that when rationalization was not possible the government—through the CTC’s oversight—would give “assistance from the Consolidated Revenue Fund to railway companies where they are required to maintain uneconomic branch lines or passenger train services in operation for the public good.”¹⁷ The clear delineation between passenger service and branch lines separated passenger service from freight service regardless of whether they might run on the same railway track. This separation reaffirmed the position of the MacPherson Commission, which had identified financial problems in both passenger and freight services, but gave separate recommendations for each.¹⁸ While the same branch lines carried passengers and freight there was an expectation that passengers had more options for transportation than freight, and consequently separating these two aspects of rail service would allow the CTC to address each more easily. Pickersgill’s use of the term “uneconomic branch lines” suggested that through the creation of the CTC, the new National

¹⁵ The Farmers’ Union of Alberta merged with the Alberta Federation of Agriculture to form Unifarm in 1970. A history of the amalgamation of these organizations appears in Carrol Jaques, *Unifarm: A Story of Conflict and Change* (Calgary: University of Calgary Press, 2001), 17-59.

¹⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

¹⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

¹⁸ A discussion of passenger rail service is beyond the scope of this dissertation. A discussion of passenger rail service during this time period and the MacPherson Commission’s treatment of it can be found in J. Lukasiewicz, S. Gelman, and M. Swinton, *Passenger Rail in Canada: Opportunities for Rationalization and Modernization* (Ottawa: Science Council of Canada, 1978); J. Lukasiewicz, “Public Policy and Technology: Passenger Rail in Canada as an Issue in Modernization,” *Canadian Public Policy* 5, no. 4 (1979): 518-532.

Transportation Policy would address what the MacPherson Commission identified as the wide and uneconomic branch line network.¹⁹ Pickersgill emphasized that the increasing public cost of the railways resulting from subsidies but made it clear that the idea of fully nationalizing the railways to create a “public monopoly” was untenable to him and the Liberal government.²⁰ This stance demonstrates that the Liberal government was addressing issues of rail costs and structure through reducing rather than increasing government involvement and financing.

Despite the many parts of the bill, including its proposal to create a new and separate agency to oversee transportation in Canada, Pickersgill clearly identified the section on railways as “of course, the most important part.”²¹ There was no question that railways carried the bulk of freight in Canada so the prioritization of railways over other forms of transportation was reasonable and uncontested. This prioritization further highlights how even though the MacPherson Commission had emphasized other forms of transportation, especially trucking, rail was still the dominant form of freight transportation. Pickersgill focused much of his speech on the Bill, explaining how it would affect railways and their services rather than suggesting specifics about other transportation industries, including shipping, which was critical to Canada’s exports.

By framing C-231 as addressing the railway problems through creating an up-to-date national policy on transportation, Pickersgill effectively opened the second reading of the bill on the premise that railways had to be the focus and other transportation industries required less concern, with the implication that regulation for them was considerably less complex and contentious. Pickersgill laid out that branch line abandonment, provided for in C-231, had to balance against “the public interest.” If the lines were “essential” then instead of expecting the railways to cover the “unprofitable” lines, the “total loss [would] be borne by the treasury.”²² This framing was a way to acknowledge the abandonment of branch lines was extremely

¹⁹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

²⁰ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7990.

²¹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7995.

²² Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7995.

contentious but also very region specific; the regional nature of abandonment made it a good issue for MPs to oppose to show their support for their constituents. As a hugely unpopular action—Commissions on railways including and before MacPherson consistently received submissions criticizing branch line abandonment—it was essential for Pickersgill to close that avenue of debate to speed up the proceedings on the bill.

The importance of maintaining Canada’s reputation as a reliable grain exporter was another reason that Pickersgill alluded to in his presentation of Bill C-231, through his focus on the importance of modernizing transportation. As “vast technological changes [were] taking place in the marketing of grain” it was important that Canada’s grain transportation network also be modernized by revising its regulatory framework.²³ The reason for linking exports with modernization, according to Pickersgill, was that modernization would lead to faster more efficient transportation that would in turn make Canadian exports reliable, and help sell Canadian grain into more markets. This premise (modernization would mean greater market share) relied on historic trends but also ignored some of the contemporary realities of grain production. Canada’s export markets for grain had not expanded significantly; proportionally exports to various markets changed over time but the total volume of grain exported remained relatively stable. New technology in areas related to marketing from in-country elevators and ports to railways had also not changed in a way that could be described, even generously, as “vast.” Indeed, the Saskatchewan Wheat Pool, while interested in innovation at its elevators to save costs, was not, according to internal reports, investigating anything that would cause significant upgrades. The largest issue was ventilation and filter systems for grain dust; the employees’ union drove this need to address occupational health and safety concerns.²⁴ However, this issue did not affect grain marketing.

Based on its *Annual Reports* the Canadian Wheat Board was not exploring significant changes to its marketing policy.²⁵ While farm groups, specifically the left-wing National Farmers

²³ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7996.

²⁴ University Archives and Special Collections University of Saskatchewan, Saskatchewan Wheat Pool fonds.

²⁵ Canadian Wheat Board, *Report of the Canadian Wheat Board 1965-1966* (Winnipeg: Canadian Wheat Board, 1966); Canadian Wheat Board, *Report of the Canadian Wheat Board 1966-1967* (Winnipeg: Canadian Wheat Board, 1967).

Union and the centrist Canadian Federation of Agriculture, called for faster grain movement, these organizations did not look to technological change as a solution. Grain movement was a volume-based problem that rested on overcoming logistical challenges, so that more grain moved faster. Although Pickersgill highlighted technological change as a reason to support Bill C-231 it was not a significant factor in the Canadian export grain economy. By emphasizing the need to modernize the system and conflating modernization with increased revenues, Pickersgill implied that if the government did nothing, the grain industry would deteriorate and prevent Canada from “obtain[ing] a great deal more [income] from grain in the future.”²⁶ The importance of centralization of the grain handling and transportation system was a key point to the proposal that would encourage modernization allowing the railways “to carry grain economically, efficiently and expeditiously.”²⁷

The statutory grain rates were highly contentious and one of the reasons the early iteration of the National Transportation Act failed to make it through the House. For Bill C-231 to succeed, the federal government needed to address the statutory grain rate issue identified by the MacPherson Commission but not in a way that implied their removal. To ignore the statutory rate would be to ignore a significant but controversial part of the MacPherson Commission’s recommendations. To that end, Pickersgill acknowledged that the federal government had accepted the MacPherson Commission’s premise that the Crow rates were no longer “remunerative.”²⁸ Despite this position, the federal government did not take any immediate action because the time between the Commission’s report and the tabling of C-231 meant the rates it suggested were “obviously out of date.”²⁹ Therefore, the government postponed action by suggesting more study was necessary.

Continuing the idea that C-231 changed little Pickersgill explained it would not deal directly with the rates. Instead, the Bill provided direction for the formation of yet another

²⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7996.

²⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7996.

²⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7997.

²⁹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7997.

commission that would undertake a railway costing study to provide recommendations on payments to deal with the Crow rates. Establishing a commission to handle the complicated matter of addressing the transportation rate issue allowed the government to delay and perhaps dilute the tensions over the grain transportation system. Pickersgill suggested that after the commission “the government can determine what, if any – and there are those who will say there should not be anything – payments should be made in respect of this [Crow rate] traffic.”³⁰ By using “those” he implied that the federal government did not side with this point of view and despite using the caveat “if any” his phrasing strongly implied that the government was likely to take on additional payments for the Crow rate. To drive home that C-231 itself did not change the Crow rate, Pickersgill explained the grain freight rates would be “maintain[ed at] the prevailing level” through government payments.³¹ Doing so effectively removed one of the MacPherson Commission’s more contentious recommendations from the NTA although opposition MPs still raised concerns about how C-231 would affect freight rates.

Instead of addressing statutory rate directly, the federal government amended C-231 and mandated a study of the statutory grain rates and their potential costs to the railways within three years of C-231’s passage.³² Proposing studies instead of implementing changes allowed the government to put off some of the extremely controversial aspects related to transportation policy during the debate on C-231. It had successfully proposed a similar response for line abandonment, essentially tabling the issue until a future date. These delay tactics failed, however, when it came to the statutory rate. Already strongly against any changes to the Crow rate and any provision allowing for future changes to the Crow, oppositions MPs did not support this amendment for a study, seeing it as being “subterfuge” by “the Liberal party ... [to] erod[e] those [statutory] rates.”³³ Opposition MP Gordon Churchill’s summation of the future examination was rather prescient as he suggested in any review of the statutory rate “the high cost of [grain] transportation to the railways [will be] mentioned, in an attempt to prove that the

³⁰ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (1 September 1966), 7997.

³¹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (29 August 1966), 7743.

³² “Crow’s Nest Pass rates safeguarded,” *Western Producer*, 2 February 1967.

³³ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 12 (25 January 1967), 12250.

Crowsnest rates are uneconomic and that therefore the railways should be given a subsidy. Then within five or ten years the argument will be advanced that the subsidy should not be continued and that the rates should be altered.”³⁴

Jack Horner, a strong supporter of Diefenbaker’s western populism and the Conservative MP for Acadia in Alberta, linked the issue of freight rates to national unity describing the Bill as “a monstrosity [and] I see nothing good in it for my part of Canada.”³⁵ Particularly concerning to him was the government’s explanation that the bill allowed the railways to quickly offset their costs from the worker wage increases mandated by Bill C-230. Horner argued there was no clear way for the compensation to happen beyond increasing freight rates; due to the freight rate structure the increased revenue to offset the wage increase would come disproportionality from the prairies and the Maritimes. In doing so, it threatened the historical basis for Canadian unity, as “transportation policy was the magna Carta of the west and a basic reason for confederation in the Maritimes.”³⁶ The potentially increased freight costs were particularly problematic because as Horner pointed out “we in the west and the people in the Maritimes ... will have to pay 50 per cent higher freight rates than people in other areas of Canada” because those rates were in the non-competitive category.³⁷ The non-competitive category was for rates in areas where the railways did not face significant competition, either from each other or from alternative transportation methods. With this argument, Horner was repeating a long-standing freight rate grievance in both areas—differential freight rates meant that more remote and/or rural areas paid high freight costs because they were essentially captive to one of the railways and lacked other feasible methods of transportation especially for freight.

While other opposition MPs raised concerns with C-231, their descriptions of the bill remained largely in line with Horner’s characterization. Other Progressive Conservative MPs from the prairies echoed concerns about raising freight rates. The NDP also supported retaining

³⁴ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 12 (25 January 1967), 12250.

³⁵ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (6 September 1966), 8062.

³⁶ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (6 September 1966), 8063.

³⁷ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (6 September 1966), 8064.

the statutory rate. As a long-time advocate for government to take a more active role in the country's socio-economic development, MP David Lewis made it clear that the Crowsnest Pass rates were untouchable.³⁸ Yet, the NDP accepted rates regulated in the national interest ran counter to the interests of private business so that "parliament and the public treasury should give assistance [to offset the statutory rate] in order that the burden not fall on the farmers alone."³⁹ In sum, the NDP supported government subsidies as an acceptable compromise between welfare state economics and neo-liberal deregulation. Thus, opposition members, regardless of party, agreed there should be no change to the Crow rates. They vigorously resisted any hint of change, questioning the implications and how any change might affect the prairies.

This focus on retaining the Crow rate was also indicative of the political strength of agrarian groups at the time since farmers overwhelmingly supported the Crow rate and their organizations fiercely defended it. These were not only lobbying organizations like the National Farmers Union but also the three Prairie Wheat Pools, which had significant financial and organizational capacity to defend the Crow and other interests of their farmer-members. Prairie politicians clearly defending the Crow reflected the fact most prairie voters either farmed or had close ties to agriculture. Additionally, prairie premiers publicly discussed how the bill might impact freight rates pointing out that it could result in placing farmers and all other "captive shippers ... in an even worse position on freight rates."⁴⁰ The focus on increasing freight rates was a long-standing concern for the prairies and the premiers' concerns reinforced how the transportation system had not changed appreciably at a structural level as the concerns about differential freight rates and captive shippers remained the same as in the early 20th century.

³⁸ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7843.

³⁹ Canada, Parliament, *House of Commons Debates*, 27th Parl, 1st Sess, vol. 8 (30 August 1966), 7843.

⁴⁰ K. C. Mason, "Some trains moving again as strike-ending bill passed," *Western Producer*, 8 September 1966.

A captive shipper is a person or group that does not have alternative transportation options but is "captive" because they can access only one railway to move their products. A discussion of captive shippers in Canadian rail transport can be found in Commissioner of Competition, *Submission to the Canadian Transportation Act Review Panel* (Ottawa: Competition Bureau Canada, 27 February 2015), especially Section II.B "Rail Transportation: Competition Analysis Applied to Rail Transport: 4. Rail Captive shippers." <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04040.html>

The Saskatchewan Wheat Pool (SWP) resurrected older debates on the Crow rate. The SWP emphasized the problems that the proposed national transportation policy created for farmers, and its position reinforced its consistent view on the importance of the Crow rate.⁴¹ The SWP used the language of rationalization, which implicitly supported government and railway positions, to point out that the current transportation system was failing. Despite accepting that the railway network required revision, the SWP stated “abandonment by itself does not constitute a rationalization.”⁴² According to the SWP the proposed bill indicated that “the government appears to have listened,” as they recognized that the statutory rate had to be maintained.⁴³ Even more promising was that, as the SWP’s First Vice-President E. K. (Ted) Turner explained C-231 focused “on providing adequate transportation for Prairie agriculture and industry rather than on the abandonment of branch lines.”⁴⁴ Although some abandonment was necessary for improvement of the rail system, he predicted it “would be much less drastic than” previous proposals.⁴⁵ Yet, this victory to maintain the statutory rate was rather hollow given that the SWP also acknowledged that C-231 provided for an investigation into the costs of moving grain under the Crow rate. The government, therefore, had only put-off the question of what to do about the Crow rate with Bill C-231 rather than removing the question completely. SWP was, however, presenting it as a victory while also promising not to oppose an inquiry into grain rail costing; despite the fact SWP “[did] not think the railways experience[d] any losses in moving export grain under the Crow’s Nest rates.”⁴⁶ The three prairie Pools had strongly opposed any payment of subsidies to railways for specific operations in their presentations to the McPherson Commission. SWP reiterated this position to the *Western Producer’s* readers; should the railways need financial help it had to be a general subsidy only. Much like the comments from

⁴¹ The SWP’s position functionally restated the position it had presented in its brief to the MacPherson Commission. Saskatchewan Wheat Pool, *Submission of the Saskatchewan Wheat Pool to the Royal Commission on Transportation in Canada* (Regina: Saskatchewan Wheat Pool, 1960).

⁴² Saskatchewan Wheat Pool Publicity Department, “Pool Notes,” *Western Producer*, 22 September 1966.

⁴³ Saskatchewan Wheat Pool Publicity Department, “Pool Notes,” *Western Producer*, 22 September 1966.

⁴⁴ “Abandonments less drastic?” *Western Producer*, 15 September 1966.

⁴⁵ “Abandonments less drastic?” *Western Producer*, 15 September 1966.

⁴⁶ Saskatchewan Wheat Pool Publicity Department, “Pool Notes,” *Western Producer*, 22 September 1966.

the three western premiers, SWP was repeating a position that it had held for many years to the *Western Producer's* readers, the majority of who were SWP members. Indeed, C-231 provided a few variations but the main themes of the transportation and statutory grain rate debates remained consistent.

The Federal government's decision to designate 17,000 miles of railway lines as "an essential" network that could not be considered for abandonment until 1975 inspired SWP's optimism that there would be limited rail lines abandoned under the new proposed plan. The "essential" designation functionally delayed the decisions about which lines to abandon, allowing the government to avoid this issue in order to pass Bill C-231. The Canadian Transport Commission, created through Bill C-231, later inherited this decision, while the government established the new parameters for how to identify rail lines for discontinuation. The CTC would study the designated-essential lines in order to decide if the lines would remain after 1975.⁴⁷ Pickersgill, for his part, argued that the CTC would use a transparent process with long timelines. The long timeline was to assuage concerns the period between a notice for an abandonment hearing and the CTC ruling would be too short for rural communities to provide their opposition. This concern built off the idea that giving the railways too free a hand to decide their rail networks could harm rural and remote areas that lacked access to alternative transportation. The MacPherson Commission preferred to defer to the railway companies to make these decisions based on economics, thereby ignoring the principle of rail lines as a public good.

Bill C-231 received royal assent on 9 February 1967. The *Western Producer* and the Wheat Pools celebrated the Bill for not changing the statutory rate while setting the framework to create improved efficiency in grain transportation through the CTC's investigation of branch lines. Jack Pickersgill resigned from his cabinet position September 5, 1967 and became the first head of the Canadian Transport Commission. Describing the CTC's responsibilities in the *Transportation Law Journal* in 1967, he emphasized that strong regulation would "prevent unduly high rates in conditions of monopoly."⁴⁸ Unsurprisingly, his article repeated the positions he had taken when he had introduced the bill as minister. He reiterated the need to improve the

⁴⁷ K. C. Mason, "Rail abandonment curbed for eight years," *Western Producer*, 22 September 1966.

⁴⁸ J. W. Pickersgill, "Canada's National Transport Policy," *Transportation Law Journal* 80 (1967): 79.

transportation industry through competition, but now downplayed the need to retain the Crow rate. Indeed, his discussion of how the NTA initiated the “reversal of the mountainous subsidization of the Canadian railways” signaled a subtle shift in prairie transportation policy that would not sit well with the prairie agricultural community.⁴⁹

Lower Inventory for Tomorrow (LIFT)

Despite the implementation of the NTA and the successful coordination of grain movement during the damp grain crisis of 1968/1969, grain prices remained low and Canada’s market share did not improve. At the same time, carry-over stocks of grain, especially wheat, continued to build with no clear sign of abatement. On the world market, common knowledge of the large stocks in exporting countries depressed already low grain prices.⁵⁰ Capturing new markets could not improve prices, so the Minister Responsible for the Canadian Wheat Board, Otto Lang, focused on the other part of the problem: surplus agricultural production.

It is not possible to store grain indefinitely, even very dry cereal grains will eventually spoil, and storage itself incurs a cost. From a marketing perspective it was a serious problem as Lang noted, “buyers are not willing to pay top prices when they know we are sitting on a mountain of grain.”⁵¹ Lang, therefore, proposed a radical solution: pay farmers not to produce. The program would Lower Inventory for Tomorrow (LIFT).⁵² The federal government intended the LIFT program to reduce surplus grain by reducing new production. Reducing new production had the potential to slow the build-up of grain stocks while current demand from sales drew down the existing stocks. The program worked on a voluntary basis where farmers received

⁴⁹ J. W. Pickersgill, “Canada’s National Transport Policy,” 85.

⁵⁰ Canadian Grain Marketing Review Committee, *The Report of the Canadian Grain Marketing Review Committee* (Winnipeg: Canadian Wheat Board, 1971), 6-7, 13-17, 22; Colleen M. O’Connor, “Going Against the Grain: The Regulation of the International Wheat Trade from 1933 to the 1980 Soviet Grain Embargo,” *Boston College International Comparative Law Review* 5, no. 1 (1982): 232.

⁵¹ Otto Lang, “Statement to the House of Commons, February 27, 1970,” 5.

⁵² At the time, news reports, government papers and other documents used both the plural and singular for Inventory when referring to the LIFT program. Lang’s statement to the House of Commons used the singular—Inventory—rather than the plural. Reports, politicians, and others sometimes referred to it as Operation LIFT rather than the LIFT program. Sometimes the Wheat Inventory Reduction Program was used to refer to it.

\$6.00 per acre for land that was summer fallowed while land turned into forage received higher compensation at \$10.00 per acre.⁵³

In his opening statement to the House of Commons introducing the LIFT program Lang directly tied the problem of high inventory to cash-poor farms, emphasizing that it was “particularly acute in Saskatchewan whose farmers are now carrying more than two-thirds of the total stocks on farms.”⁵⁴ While farmers reduced wheat acreage for the 1969/1970 crop year, it had been limited; without offset payments acreage reduction was an option only for those who were financially secure. For the 1970/71 crop year, Lang extended this action by offering offset payments. His proposed program aimed to remove 22,000,000 acres (the program anticipated 2,000,000 acres for forage and the rest for summer fallow) at a cost of \$100,000,000.⁵⁵ Combined with the LIFT program, the CWB pursued sales more aggressively and the federal government gave the CWB the ability to offer more credit to buyers.⁵⁶ Providing credit for buyers was important when the CWB pursued developing nations, where a lack of ready cash traditionally made large purchases difficult.

Given that the CWB, and by extension the federal government, received criticism throughout the 1960s for staying within the price guidelines of the International Wheat Agreement (IWA), it is notable that part of Lang’s arguments for the benefits of the LIFT program linked it to the international market. He suggested that by reducing acreage in Canada it would help farmers in other grain exporting nations as the LIFT program’s positive results would “extend well beyond Canada to the world wheat economy ... add[ing] impetus to international efforts to stabilize the world grain economy.”⁵⁷ Thus, the federal government and the CWB attempted to make the IWA work, although they had shifted away from set prices, just like the other signatories who had stop conforming to those prices. Additionally, stabilizing the grain

⁵³ Grain Marketing Review Committee, *Report of the Grain Marketing Review Committee*, (Winnipeg: Canadian Wheat Board, 1971), 7; Otto Lang, “Statement to the House of Commons, February 27, 1970,” 4.

⁵⁴ Otto Lang, “Statement to the House of Commons, February 27, 1970,” 1.

⁵⁵ Otto Lang, “Statement to the House of Commons, February 27, 1970,” 4.

⁵⁶ Otto Lang, “Statement to the House of Commons, February 27, 1970,” 6.

⁵⁷ Otto Lang, “Press Release: Wheat Stock Reduction Program,” 27 February 1970.

The American government pursued a similar payment not to produce program from 1967 to 1972 that significantly cut planted acreage. Theodore Cohn, “Food Surpluses and Canadian Food Aid,” *Canadian Public Policy* 3, no. 2 (1977): 145.

market had a long-term benefit of keeping farmers on the land for the future. The voluntary nature of LIFT and its emphasis on a financial solution rather than a regulatory solution to the farm income problem encouraged individual decision making rather than government mandated actions. Even though the program rested on individual choice, the federal government used it to pursue a public good policy that attempted to improve the income of all grain farmers in Canada through the choices of those participating in the LIFT program. It proposed that LIFT would benefit not only Canadian farmers but farmers in other exporting nations by reducing the supply of Canadian grain to improve the international market prices.

Controversy surrounded the LIFT program from the start. Payments especially attracted concern about how the program would operate in the long run, which raised moral questions about asking farmers to reduce production when there was still famine in the world. This latter perspective ignored the fact the federal government had increased food aid programs as another effort to draw down wheat stocks and that the problem of famine and global hunger was more directly related to the problem of grain purchasing capacity.⁵⁸ As part of the criticism of the program opposition MPs presented letters from church groups and farmers writing against the program on the grounds that it would make it harder to feed the world. One indicative petition came from farmers in the Raymore, SK, area that Les Benjamin presented in the House of Commons. It read, in part, “We believe that large wheat inventory is caused by poor distribution. Not overproduction. As long as there is one hungry human in the world we do not wish to cut production.”⁵⁹ The criticism although emphasizing the need to feed the hungry did not take the step of suggesting more government intervention or increasing the food aid programs to accomplish this goal. Thus, despite farmers suggesting a distribution problem they did not link it to a lack of financial ability to afford the grain on the part of the hungry, nor suggest reducing the price of their own grain.

The importance of receiving reasonable payment for wheat, however, was a significant criticism of the program and one which conflicted with the idea that farmers produced food to feed the starving world rather than for those who could afford it. Saskatchewan Premier Ross

⁵⁸ Mark Charlton, *The Making of Canadian Food Aid Policy* (Montreal: McGill-Queen’s University Press, 1992), 20-25.

⁵⁹ Canada, Parliament, *House of Commons Debates*, 28th Parl, 2nd Sess, Vol 5, (24 March 1970), 5427.

Thatcher mockingly called LIFT “an ill-conceived program to pay farmers inadequately not to grow wheat.”⁶⁰ Yet at the same time his government attempted to solve the wheat surplus by using it to barter for equipment needed for provincial government agencies.⁶¹ The provincial government recognized the problem of grain surplus but objected to the *amount* paid to farmers rather than the intention of the program. The objection to LIFT’s payment formula crossed political boundaries in the prairie agricultural community, demonstrating that despite differences over the ideologies from which to build agricultural policies, there was agreement across the political spectrum that farm incomes had to improve. R. W. Ferguson, the secretary of the newly formed right-wing Palliser Wheat Growers Association, which focused on reducing government involvement in grain marketing, called the program “organized crop failure.”⁶² While Butch Harder, a member of the left-wing National Farmers Union, described LIFT as “penalize[ing] good management” since farmers who had already reduced acreage or diversified their farm operations did not qualify for the program. He suggested participating would cost farmers more to follow the program’s requirements than the program payment they would receive.⁶³ This payment structure continued the on-going problem of “farmers (through their organization, the farmers Union) ask[ing] for a price for their product which would be the cost of production” yet having this request “ignored.”⁶⁴ The president of the centrist Saskatchewan Federation of Agriculture, E. A. Boden, described the wheat surplus situation as “over-dramatized” and suggested the need for a reduction in wheat production was “not all that great.”⁶⁵ Although these groups all criticized the LIFT program, the focus of their criticism demonstrated emerging divisions within the political organization of the prairie farm community between those who

⁶⁰ Ross Thatcher quoted in Foster Barnsley, “Most Sask farmers survived tough year,” *Regina Leader Post*, 2 January 1971, <https://library.usask.ca/sni/stories/agr17a.html>

⁶¹ The government purchased two transformers and a turbo-generator for Saskatchewan Power Corporation and a betatron for the Saskatchewan Cancer Clinic using wheat bartering. Barnsley, “Most Sask farmers survived tough year,” *Regina Leader Post*, 2 January 1971.

⁶² R. W. Ferguson quoted in Donald Newman, “New pressure group for change in wheat sales policy,” *Globe and Mail*, 6 May 1970,

⁶³ W. (Butch) Harder, “Payment for not planting called a backward step in agriculture,” *Globe and Mail*, 1 May 1970.

⁶⁴ Harder, “Payment for not planting,” *Globe and Mail*, 1 May 1970.

⁶⁵ Ronald Anderson, “Saskatchewan’s population loss reflects poor conditions due to wheat slump,” *Globe and Mail*, 9 July 1970.

viewed government regulation as interfering with farmers as businesses and those looking for effective government regulation driven by the needs articulated by farmers.⁶⁶

Despite the short-comings of the LIFT program articulated by farmers' organizations and politicians, prairie farmers remained committed to it. In the year it operated the program received 108, 201 applications.⁶⁷ LIFT achieved its goal of lowering Canadian wheat production. The CWB's Grain Marketing Review Committee noted that the program achieved a decrease of "50 percent from the 1969 levels" and this decreased production levels to "only 40 percent of the peak wheat acreage of 1967."⁶⁸ In real terms, this reduction meant Canadian farmers produced 352 million bushels less in the 1970/1971 crop year compared to the previous year.⁶⁹ Lang described the production decrease as putting "a very good dent" into the problem of Canada's

⁶⁶ There is limited literature on the political divisions in the prairie agrarian community and much of the discussion on this topic must be teased out from larger texts that focus on structural and economic changes within western Canadian agriculture. Political scientist Grace Skogstad notes that "the discord in the agricultural community grew particularly apparent in the post-1960 period as specialization and capitalization of production reinforced economic and commodity cleavages." Grace Skogstad, "Interest Groups, Representation and Conflict Management in the Standing Committees of the House of Commons," *Canadian Journal of Political Science* 18, no. 4 (1985): 748.

See also James Vercammen and Murray Fulton "The Economic Implications of Farm Interest Groups' Beliefs," *American Journal of Agricultural Economics* 72, no. 4 (1990): 851-863.; Ken Larsen, "Alberta's thirty year war against the family farm," in *The Return of the Trojan Horse: Alberta and the New World (Dis)Order* ed. Trevor Harrison (Toronto: Black Rose Books), 190-212; André Magnan, "Strange Bedfellows: Contentious Coalitions and the Politics of GM Wheat," *Canadian Review of Sociology* 44, no. 3 (2007): 289-317; Grace Skogstad, *Internationalization and Canadian Agriculture: Policy and Governing Paradigms* (Toronto: University of Toronto Press, 2008), especially chapter 4; Murray Fulton and Kathy Larson, "Overconfidence and Hubris: The Demise of Agricultural Co-operatives in Western Canada," *Journal of Rural Cooperation* 37, no. 1 (2009): 166-200; André Magnan, *When Wheat was King: The Rise and Fall of the Canada-UK Grain Trade* (Vancouver: UBC Press, 2016), 136-142; Emily Eaton, "How Canadian Farmers Fought and Won the Battle against GM Wheat," in *The New Food Activism: Opposition, Cooperation, and Collective Action*, eds. Alison Hope Alkon and Julie Guthman, (Oakland: University of California Press, 2017), 55-79.

⁶⁷ Barnsley, "Most Sask farmers survived tough year," *Regina Leader Post*, 2 January 1971.

⁶⁸ Grain Marketing Review Committee, *Report of the Grain Marketing Review Committee*, (Winnipeg: Canadian Wheat Board, 1971), 7.

⁶⁹ Canadian Wheat Board, *Report of the Canadian Wheat Board 1970-1971*, (Winnipeg: Canadian Wheat Board, 1971), 6.

excess wheat supply.⁷⁰ There was not, however, any notable increase in wheat prices that year despite the assurance in the October 1970 Throne Speech that “the LIFT program has removed a substantial portion of the accumulated wheat surplus which was inhibiting the international wheat market.”⁷¹ The federal government cancelled the program the following year as they deemed it to have sufficiently reduced inventories.

Soviet Grain Sales, 1972

While LIFT lowered production, it was not until 1972 that Canada had the opportunity to drastically reduce its grain stocks through sales due to the Soviet *Exportkleb* agency’s large purchases to overcome internal grain shortages caused by severe harvest failure.⁷² The first hints the Soviet Union was making significant purchases came from news of American sales. Although the Canadian federal government often announced major sales, instead of leaving such announcements to the CWB, they generally did not announce the sales until such information being public did not have the potential to undermine ongoing sales negotiations.⁷³ As such, this policy meant that during early 1972, amidst hints that the Soviets were interested in negotiating grain sales with the American government, concerns quickly arose that Canada was going to miss out on this sales opportunity. Much like during 1969, politicians began to raise concerns that Canada would lose grain sales due to poor railway performance, lack of grain cars, and poor throughput at Canadian ports.

In March 1972, Senator Hamilton McDonald, previously a Liberal MLA in Saskatchewan, argued the Americans were getting Soviet purchase orders because of the lack of “guaranteed deliveries from Canada.”⁷⁴ He suggested the solution was not only to upgrade port facilities but also to reduce in-country elevators and replace them with larger inland terminals to

⁷⁰ David Crane, “Survey shows acreage of wheat cut to 12 million in Operation LIFT,” *Globe and Mail*, 17 July 1970.

⁷¹ Canada, Parliament, *House of Commons Debates*, 28th Parl, 3rd Sess, vol. 1 (8 October 1970), 3.

⁷² For more discussion of the 1972 Soviet sales see Roger Porter, *The U.S.–U.S.S.R. Grain Agreement* (Cambridge: Cambridge University Press, 1984); Dan Morgan, *Merchants of Grain* (New York: The Viking Press, 1979).

⁷³ Agricultural ministers announcing sales before CWB officials were ready for announcement of the sales was an ongoing problem although the severity of the problem varied significantly from sale to sale.

⁷⁴ Canada, Parliament, *Senate Debates*, 28th Parl, 4th Sess, Vol 1, (29 May 1972), 290.

improve efficiency. He noted the Saskatchewan Wheat Pool had already begun to close some of its country elevators but such closures were not enough.⁷⁵ The senator's concerns appeared in conjunction with an announcement that the CWB had sold the Soviet Union grain valued at \$330 million.⁷⁶ McDonald worried that the grain handling system would not be able to service the CWB's large sales contracts in a timely fashion. At the end of June, the Senate's Agricultural Committee heard from G. N. Vogel, the CWB's Chief Commissioner, who criticized this move. He argued that adding 2,000 more hopper cars to the total grain car fleet would not be enough to lower freight rates and reduce concerns about the delivery of grain to the west coast ports.⁷⁷ This message was similar to what the Chief Commissioner had presented to the Commons Agricultural Committee emphasizing that the CWB was examining ways to increase the system capacity through storage, better railway logistics, and decreasing "the number of grain elevators on the Prairies."⁷⁸

In 1972 the federal government purchased 2,000 hopper cars (a new fast-loading and unloading design compared to the traditional box car) to address the transportation inefficiencies.⁷⁹ Despite this move the CWB's Chief Commissioner cautioned that it would not solve the problems of the handling system.⁸⁰ However, tackling the statutory rate was controversial while purchasing a new grain cars was less fraught, and gave the impression that the CWB could handle the problem. Although the NFU's Stuart Thiesson suggested the purchase

⁷⁵ Canada, Parliament, *Senate Debates*, 28th Parl, 4th Sess, Vol 1, (29 May 1972), 289-91.

⁷⁶ "Prospects improved for Soviet grain sale," *Globe and Mail*, 7 March 1972.

⁷⁷ "Committee has first hearing 40 years," *Globe and Mail*, 29 June 1972.

⁷⁸ "Committee has first hearing 40 years," *Globe and Mail*, 29 June 1972.

⁷⁹ Grain boxcars required a specialized grain door fitted into them before they could be loaded whereas a hopper car did not. Hopper cars loaded from the top and unloaded from the bottom whereas boxcars loaded through the side, which is why the cars required the specialized door. As CWB Chief Commissioner G. N. Vogel explained to the Standing Committee on Agriculture "hopper cars are a much more efficient system... we [CWB] are after the railways continually on it. They always claim, and probably quite correctly, that they have a crash program on grain doors. These grains doors get smashed so often...there is hardly a day that goes by that we do not have a problem of cars with no grain doors, or vice versa." Canada, House of Commons, Standing Committee on Agriculture, 28th Parl, 4th Sess, vol. 1 (27 June 1972), 24:31

⁸⁰ Canadian Wheat Board, *Report of the Canadian Wheat Board 1980-1981*, (Winnipeg: Canadian Wheat Board, 1981), 1.

was “a double-edged sword...I believe the government really had no choice ...the choice being providing hopper cars or bowing to the pressure of the railway companies to abrogate the 1897 Crowsnest Pass Rate Agreement.”⁸¹ By purchasing hopper cars, Thiesson argued, the federal government subsidized the railways as they “traditionally provide their own rolling stock.”⁸² The purchase of hopper cars brought forward the issue of rail track maintenance as the hopper cars required a stronger railbed and track than the lighter boxcars. CWB Commissioner Dr. R. L. Kristjanson estimated “about one-third of the country elevators” might experience problems getting hopper cars ‘because of the trackage.’⁸³ Buying hopper cars promised to make grain deliveries more reliable by increasing the grain handling capacity of the railways yet it went against the growing idea that the grain handling system required more deep-seated changes to freight rates and the rail and elevator networks.

The Soviet purchases significantly reduced grain stocks in both Canada and the United States, which raised international market prices when combined with widespread knowledge of the Soviet demand for grain as well as poor harvests in other countries.⁸⁴ The Soviets purchased 724 million bushels of American grain (wheat, barley, corn, soybean, and sorghum), while for the 1972/1973 crop year Canada’s grain exports of wheat, barley, and oats increased to “a record 833 million bushels.”⁸⁵ The public knowledge of the Soviet demand also increased international wheat prices and consequently the CWB’s asking prices for wheat also increased as demonstrated by Figure 4.1. Canada also signed a multi-year contract to supply grain to the Soviets; so even if Canada experienced record harvests, there was a very low possibility that grain stocks would accumulate on the prairies to the levels they had during the previous decade.

⁸¹ Canada, House of Commons, Standing Committee on Agriculture, 28th Parl, 4th Sess, vol. 1 (20 June 1972), 22:16

⁸² Canada, House of Commons, Standing Committee on Agriculture, 28th Parl, 4th Sess, vol. 1 (20 June 1972), 22:16

⁸³ Canada, House of Commons, Standing Committee on Agriculture, 28th Parl, 4th Sess, vol. 1 (27 June 1972), 24:91.

⁸⁴ Detailed discussion of the specific conditions appears in Canadian Wheat Board, *Report of the Canadian Wheat Board 1972-1973* (Winnipeg: Canadian Wheat Board, 1973), 5-18.

⁸⁵ Wayne G. Broehl, *Cargill: Going Global* (Hanover: University Press of New England, 1998), 200-201; Canadian Wheat Board, *Report of the Canadian Wheat Board 1972-1973*, 22.

This international trade agreement reduced the possibility of accumulating new stores of unsold grain.

**MONTHLY AVERAGE BOARD ASKING PRICES IN 1972-73, BY EXPORT POSITION, FOR
NO. 1 CANADA WESTERN RED SPRING WHEAT**

Month	1 C.W. 13.5% in store Thunder Bay	1 C.W. 13.5% in store Vancouver	1 C.W. 13.5% in store St. Lawrence Ports ¹
	— cents per bushel —		
August, 1972	179½	182⅞	197½
September	211½	218¼	229½
October	230⅞ ²	247¼	248⅞
November	231⅞	252⅞	249⅞
December	257¼	287	275¼
January, 1973	265⅞	298	283⅞
February	265¾	297	283¾
March	266⅞	297⅞	284⅞
April	266½	298⅞	285⅞
May	279	305⅞	297⅞
June	318⅞	339¾	337⅞
July	356¾	373¾	375½

¹ Prices August–October are for No. 1 C.W. Red Spring Wheat 14.0 per cent protein. For the months thereafter they are for No. 1 C.W. Red Spring Wheat 13.5 per cent protein.

² Commenced price quotation for No. 1 C.W. 13.5 per cent protein October 13, 1972.

Figure 4.1 “Monthly Average Board Asking Price” for 1972/73 Crop Year⁸⁶

The increased market prices combined with the decrease of on-farm stored grain meant prairie farm incomes increased sharply over the next several years. Figure 4.2 demonstrates this increase in realized net farm income in Saskatchewan, which produced the most export grain.

⁸⁶ Canadian Wheat Board, *Report of the Canadian Wheat Board 1972-1973*, 34.

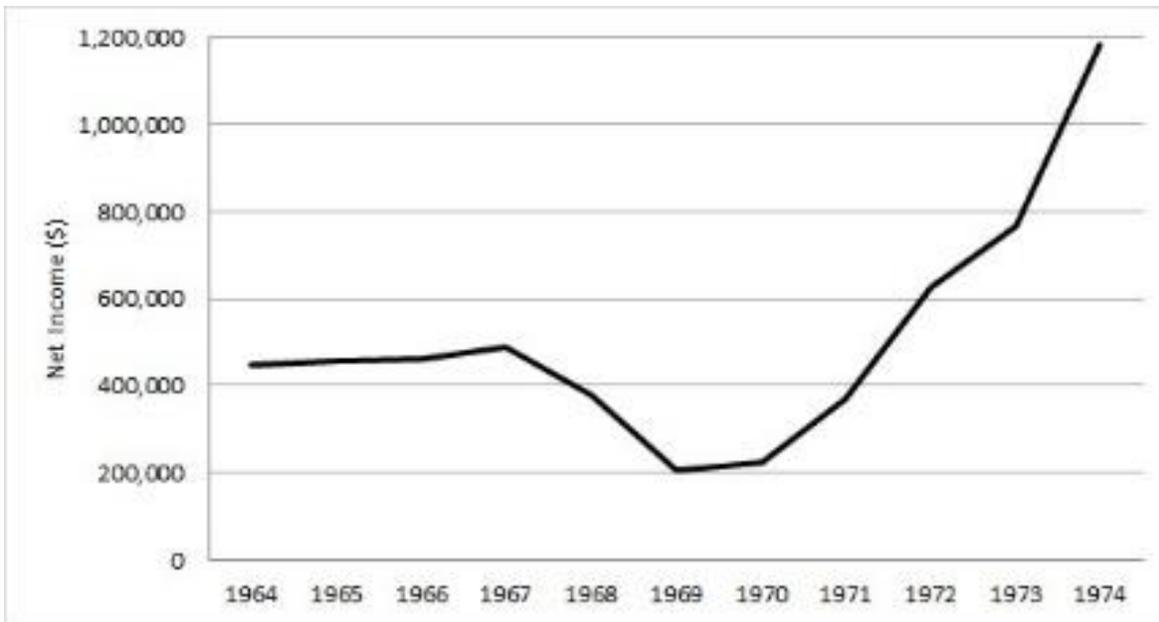


Figure 4.2 Saskatchewan Realized Net Farm Income 1964-1974⁸⁷

The resultant worldwide price increase in grain created greater prosperity on prairie grain farms and, when combined with relatively low interest rates, led to increased purchases of both land and equipment throughout the decade. Grain farmers benefited from the rising international prices in terms of farm-gate prices, but also because they were no longer storing significant amounts of grain on farms.⁸⁸ The Soviet sales, with their consequent increase in grain prices, meant that the farm income crisis that had been a long-term concern for politicians and prairie farm groups was no longer an issue. The problem remained, however, that grain still did not seem to move efficiently through the handling system.

Revising the Structure and Finance of the Grain Handling System

Since farm income was no longer in crisis, the focus on export grain debates returned to the grain handling system. In particular debates now centered on ensuring the system functioned effectively to maintain Canada's reputation as a reliable supplier. The fear that Canada might have lost Soviet sales, combined with the issue of strikes that disrupted grain movement, as discussed in the previous chapter, reaffirmed the idea that the grain handling system required

⁸⁷ Created from Statistics Canada, Series M109-118 "Realized farm net income, Canada and by province, 1926-1974," *Statistics Canada*, <https://www150.statcan.gc.ca/n1/pub/11-516-x/sectionm/4057754-eng.htm>

⁸⁸ Farm-gate price refers to the purchase price received by the farmer. The price is minus the cost of transporting the product to the market.

change. The statutory rate prevented the two national railways from attempting to benefit from the higher international grain prices by increasing their freight rates to capture some of this added value. The movement of grain cars in the handling system and the cost of maintaining the decentralized branch lines were interlinked, and raised questions about both the structural and financial aspects of the grain handling system.

Once the excitement of the 1972 Soviet sales tapered off, speculation over how Canada and its prairies farmers might improve took center stage. Indeed, as 1973/74 grain prices quickly rose to “to unprecedented heights” speculation mounted. Unsurprisingly, a renewed focus on the Crow rate returned. More exports required better transportation.⁸⁹ Politicians tied freight rates to how fast and efficiently grain moved through the system, and freight rates influenced the speed of grain movement. At the McPherson Commission, the railways had argued that the Crow rate inhibited their performance (including upgrading of lines and rolling stock) by making grain movement uneconomic for them, so the railways were not upgrading prairie branch lines or improving service on them.

The debate between NDP MP Les Benjamin and CNR’s President-Designate Robert Bandeen illustrated this tension. In March 1974, Benjamin told the House that much of the prairie rail network was unusable in the winter because the railways had an “inadequate numbers of snowplows”⁹⁰ and either removed snow fencing or failed to properly maintain it.⁹¹ Consequently, grain accumulated in the elevators preventing a continued stream of deliveries from farmers. Despite being a strong supporter of maintaining the Crow rate, Benjamin’s argument that the railways failed to maintain prairie railway lines supported the narrative that the prairie rail network was uneconomic for the railways. Essentially, the railways did not plough lines where the revenue from their use would be less than the cost of ploughing the line. Thus, Benjamin “suggest[ed] there are thousands of carloads of grain on the tracks at various points which have been sitting there for weeks because the railways are incapable of moving them” due

⁸⁹ Canadian Wheat Board, *Report of the Canadian Wheat Board 1973-1974*. (Winnipeg: Canadian Wheat Board, 1975), 1.

⁹⁰ Canada, Parliament, *House of Commons Debates*, 29th Parl, 2nd Sess, vol. 1 (7 March 1974), 300.

⁹¹ Canada, Parliament, *House of Commons Debates*, 29th Parl, 2nd Sess, vol. 1 (7 March 1974), 300.

to snow covering the tracks.⁹² From a cost perspective, allowing cars to pile up at a delivery point and then moving them as a single group was cheaper for the railways than keeping the line ploughed to move a few cars at a time. CNR's President-Designate Robert Bandeen publicly disputed these claims. He argued that CNR did not provide poor winter grain movement despite the fact that for CNR "the efficient movement of grain [is] an obligation and 'an obligation we are not entirely happy with'."⁹³ He proposed the solution to this unhappy situation was for CNR to receive "additional revenue – from some source – on its grain hauling."⁹⁴ Making this point in public helped to push forward the idea the freight rates needed adjustment and the statutory rate was "an obligation," which CNR provided as a public benefit without just compensation.⁹⁵

CNR voiced its dissatisfaction with the Crow rate and its effect on the profitability of grain movement. Meanwhile, CPR refused to maintain, upgrade, or expand its fleet of grain cars. Don Dunsmore, one of CPR's grain coordinators, announced that CPR "[was] scrapping 1,800 grain-carrying cars a year" instead of continuing to repair or replace them.⁹⁶ CPR was clear that unless the statutory rate increased it would not "invest any more money in rolling stock for grain-handling if [it could not] make a profit on this section of [its] business."⁹⁷ Prairie farmers, their organizations, and the Saskatchewan government believed CPR's stance violated the intent of the Crowsnest Pass Freight Agreement as it was "in perpetuity – for all time."⁹⁸ Yet, there was little that they could do to prevent CPR, a private business, from making and carrying out this decision. The railways' positions and actions made it impossible to continue ignoring the Crow rate despite the political unpopularity to changing it. In late 1974, Otto Lang (Minister of Justice

⁹² Canada, Parliament, *House of Commons Debates*, 29th Parl, 2nd Sess, vol. 1 (7 March 1974), 300.

⁹³ Robert Bandeen quoted in Harvey Shepherd, "CN feels act valid; may be room for changes," *Globe and Mail* 25 April 1974.

⁹⁴ Robert Bandeen quoted in Harvey Shepherd, "CN feels act valid; may be room for changes," *Globe and Mail*, 25 April 1974.

⁹⁵ Robert Bandeen quoted in Harvey Shepherd, "CN feels act valid; may be room for changes," *Globe and Mail*, 25 April 1974.

⁹⁶ Egon Frech, "Grain farmers want new rail," *Globe and Mail*, 23 February 1974.

⁹⁷ Egon Frech, "Grain farmers want new rail," *Globe and Mail*, 23 February 1974.

⁹⁸ Transportation Agency of Saskatchewan, *The Crow Rate and National Transportation Policy* (Regina: Transportation Agency of Saskatchewan, 1977), 2.

and Minister Responsible for the Canadian Wheat Board) publicly suggested that the current structure of the Crow rates required further revision.

In a speech to the Canada Grains Council Lang acknowledged the Liberal government was once again seriously considering changes to the Crow rate. Although Lang was clear “the benefit of the Crow’s Nest Pass rates must be preserved for the Prairie,” farmers and politicians found this statement suspect since Lang was also suggesting “freight rate changes on the rail movement of Prairie grains may have to be made.”⁹⁹ It was clear from Lang’s speech and subsequent interviews that the only adjustment to freight rates would be upward as he blamed the Crow rates for “creating serious problems in terms not only of maintaining a deteriorating system but in rebuilding it into a modern efficient one.”¹⁰⁰ Lang’s public statements especially concerned people and organizations who supported the current Crow rate since the federal government’s freeze on freight rate increases expired at the end of 1974. The end of this freeze meant the railways could potentially raise any non-statutory rate. If this increase occurred, it could reignite the debate on discriminatory freight rates that promoted increasing regionalism within Canada. Any increase of non-statutory rates raised the specter of a commensurate increase in statutory rates.

Consolidation of the branch line system—fewer small rail branch lines and larger more centralized in-country delivery points—offered one solution to improving the profitability of the railways since they would have less track to maintain and could collect more grain cars from each point. Consolidation also promised to modernize the system. The Canada Grains Council, formed in 1968 to provide recommendations about anything related to the grain industry, supported the idea of consolidation.¹⁰¹ Its chairman Daniel Dever consistently stated Council

⁹⁹ Otto Lang quoted in “Lang expects fee rise for handling of grain,” *Globe and Mail*, 31 October 1974.

¹⁰⁰ Otto Lang quoted in “Crow’s Nest rates may undergo change,” *Globe and Mail*, 29 October 1974.

¹⁰¹ The Grains Council grew from an early suggestion by Pierre Trudeau in 1968 that it would be helpful to have “a body of responsible grains people, to lend assistance in presenting a consensus for possible solutions to the difficulties” related to the problem of Canada’s grain surplus and poor world markets. The Council included membership from a wide array of grain industry organizations including grain companies, the CWB, and the railways.

Canada Grains Council, *A Review of the Canada Grains Council Activities* (Winnipeg: Canada Grains Council, 1972), 7.

reports would “recommend that grain be collected with least cost ... mean[ing] fewer but larger-volume country elevators.”¹⁰² This plan meant closing local delivery points, an unpopular move with farmers. The cooperative farmer-owned Saskatchewan Wheat Pool had closed a few delivery points much to the consternation of its members though Ted Turner, the SWP President during the time, argues in his memoir that closure only happened in places where the elevator served a very small area and there were other elevators very nearby. Thus, “we [SWP] were often the last business out of a community” as other commercial interactions had already voluntarily moved to other nearby communities.¹⁰³ United Grain Growers (UGG), a farmer-owned cooperative that was less politically active and tended to be more centrist, was also closing some of their smaller elevators in a bid to reduce their costs of maintaining elevators that were relatively close together.¹⁰⁴ UGG President Mac Runciman believed in the importance of “larger elevators at larger shipping points.”¹⁰⁵ He argued the federal government needed to allow railways more flexibility in setting freight rates so they could encourage grain companies to build country elevators with the ability to “load 50 to 100 cars at a time” to enable the revision of the handling system to “a system of inland terminals.”¹⁰⁶

Weyburn Inland Terminal

Although a majority of farmers rejected the closure of their local delivery point to create a more centralized elevator network, a small group of southern Saskatchewan farmers decided that larger delivery points would improve grain movement from their area. This group of farmers started the Weyburn Inland Terminal (WIT) due to frustration with low grain prices, lack of protein premiums, and grain storage payments. They perceived storage payments as an incentive built into the grain handling system for elevators to store grain since they received payments for doing so rather than encouraging elevators to move grain through the system. Support for the inland terminal drew on the idea terminals would consolidate the elevator network similar to

¹⁰² Albert Sigurdson, “Little progress is apparent on problem of grain delivery,” *Globe and Mail* 11 April 1974.

¹⁰³ E. K. (Ted) Turner, *Beyond the Farm Gate: The Story of a Farm Boy who Helped Make the Saskatchewan wheat Pool a World-Class Business*, (Regina, University of Regina Press, 2014), 78.

¹⁰⁴ Paul Earl, *The Rise and Fall of United Grain Growers* (Winnipeg: University of Manitoba Press, 2019), 111.

¹⁰⁵ Mac Runciman quoted in Earl, *The Rise and Fall of United Grain Growers*, 111.

¹⁰⁶ “Crow’s Nest rates may undergo change,” *Globe and Mail*, 29 October 1974.

changes in the American grain belt; a change to the system was inevitable so WIT could put farmers ahead of it.¹⁰⁷ The history of WIT makes it plain that the original founders believed Otto Lang was in strong support of their venture. Art Mainil, the driving force behind the beginnings of the terminal “said Lang would often call him to see how things were progressing . . . ‘One of the things we always got from Otto Lang was his respect. He knew we were trying to do something worthwhile.’”¹⁰⁸ It is not clear how much of a direct influence WIT was on Lang’s views on the grain handling and transportation industry though he was clearly aware of the terminal.¹⁰⁹ Its official history describes how during a 1974 meeting with Otto Lang, WIT board members Art Mainil and Don Olah presented the solution for the Crow rate as moving the payment to farmers from the railways. Doing so would provide an incentive to farmers to patronize more distant inland terminals thereby encouraging the consolidation of the delivery

¹⁰⁷ Deana Driver chronicles the history of the Weyburn Inland Terminal in, *Just a Bunch of Farmers: The Story of the Weyburn Inland Terminal, 1976-2001*, (Saskatoon: Houghton Boston, 2001).

¹⁰⁸ Driver, *Just a Bunch of Farmers*, 12.

¹⁰⁹ Driver, *Just a Bunch of Farmers*, 12. The accessions of the Otto Lang fonds held at Library and Archives Canada also mention the Weyburn Inland Terminal but access restrictions and timing prevented further investigation. Driver makes clear that WIT was in contact with the Grains Group and the Canadian Wheat Board from the beginning of its initial planning stages. Lang would have been aware of the Weyburn Inland Terminal in his role as Minister Responsible for the Canadian Wheat Board if he was not aware earlier. Weyburn Inland Terminal worked with Rod Bryden to secure funding grants. Bryden was Otto Lang’s special assistant and remained in contact with him after he left the position in 1971. Art Mainil noted, “one of his [Bryden’s] very good contacts was Otto Lang. They were very good friends.” Art Mainil quoted in Driver, *Just a Bunch of Farmers*, 12.

In the House of Commons MP Lorne Nystrom put forward a motion requesting the presentation of any documents between Bryden, Otto Lang and any CWB officials but Lang denied that any documents existed. Nystrom withdrew the motion. He did, however, continue to question Bryden’s involvement with the Weyburn Inland Terminal. His questions highlight uncertainty over the relationship between Bryden, his company, and government departments. MP Les Benjamin also asked to know if Bryden had received any fund from the government relating to inland terminals. That the opposition MPs asked these questions suggests that there were questions about how closely Lang was involved with the inland terminal proposal in Saskatchewan where Bryden was heavily involved. Given these public questions, it is highly likely Lang was aware of and following the development of the Weyburn Inland Terminal. Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 3 (29 January 1975), 2715; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 4 (10 March 1975), 3925; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 8 (14 October 1975), 8184.

network.¹¹⁰ For Otto Lang and others involved in the discussions of how to improve the grain handling system, WIT demonstrated how farmers turned frustration into tangible action and more importantly that with the right persuasion other farmers could be encouraged to support significant changes to the grain handling system.

Ending the Freeze

The freeze on railway line abandonments expired 1 January 1975. The federal government had put the freeze on abandonments in place specifically to prevent the consolidation and contraction of the prairie railway network. Understandably, the looming expiration made prairie residents situated on railways that had once been under consideration for abandonment nervous. Prompted by their constituents' concerns over potentially losing rail access, politicians pressed Minister of Transport Jean Marchand to reveal the government's decision over what would happen to the branch lines. MPs and their constituents wanted to know before the deadline what the end of the freeze would mean so those people and groups using potentially affected lines could plan ahead.¹¹¹ Highlighting the fact that branch line abandonment was primarily a prairie agriculture issue, Marchand's responses emphasized that at an unspecified future date the Minister Responsible for the Canadian Wheat Board would issue a formal statement answering the question so opposition politicians should await it instead of continuing to ask him.¹¹²

It was unclear if the railways intended to begin abandonments soon after the end of the freeze; or, if the government would make good on its earlier promise from 1967 that public hearings on abandonment would require the railways to publicly justify their decisions.¹¹³ Despite MPs' consistent questions the government continued to avoid making any firm

¹¹⁰ Driver, *Just a Bunch of Farmers*, 15-16.

¹¹¹ As the year drew to a close the questions from MPs become more frequent. In October 1974, for example, MPs raised the issue consistently throughout the month. Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (3 October 1974), 62; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (11 October 1974), 364; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, Vol 1 (18 October 1974), 522; Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 1 (23 October 1974), 671.

¹¹² Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 2 (6 November 1974), 1107.

¹¹³ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 2 (15 November 1974), 1361.

commitment leading MP Lorne Nystrom (NDP) to demand an official statement “so that the people on the prairies will know where they stand before this parliament recesses for Christmas.”¹¹⁴ Nystrom’s question came on the last day Parliament was in session. Lang responded he and Jean Marchand, the Minister of Transport, “[had] been working closely together on this subject, and we are about ready to make an announcement.”¹¹⁵ The fact that the two worked together demonstrated the political nature of the issue as Lang, with his seat in Saskatchewan, was the “western” representative who was working in the best interests of producers. As the Minister Responsible for the Canadian Wheat Board Lang was handling a specifically prairie file and his involvement also showed the strong link between the rail network and export-grain.

Otto Lang announced the government would not extend the freeze. Instead, he presented a new categorization of railway lines that protected a network of 12, 413 miles of railway lines from abandonment until 2000. These “Category A” lines were to remain the backbone of the prairie rail network while at their discretion the railways could immediately abandon 525 miles of unused lines (Category C). The most contentious railway lines were Category B lines, which were in use but not to an extent where the railways considered them profitable and/or high-traffic.¹¹⁶ The categorization system protected these lines from abandonment for a year but the government intended to call an inquiry to determine how important the lines were in relation to the area they served then recommend what to do with them. There were three options for recommendations: allow the railways to immediately abandon them; abandon the lines after a phasing out period; or add the lines to the permanent network of Category A lines.¹¹⁷ With this pre-Christmas announcement, prairie residents knew that the federal government was reopening debate on the prairie rail system.

¹¹⁴ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 3 (20 December 1974), 2432.

¹¹⁵ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 3 (20 December 1974), 2432.

¹¹⁶ Category B lines were also called Category 2 lines with both terms used interchangeably in the submissions to the Commission although the Hall Commission itself used the term Category B lines.

¹¹⁷ Grain Handling and Transportation Commission [Hall], *Grain and Rail in Western Canada: The Report of the Grain Handling and Transportation Commission*, vol. 1, Chief Commissioner Emmett Hall, (Ottawa: Queen’s Printer, 1977), 5.

Two Commissions Called

The federal government struck two commissions, which reflected not only the complexity of the system but the highly political nature of the topic. The commissions were the Grain Handling and Transportation Commission (Hall Commission) and the Commission on the Costs of Transporting Grain by Rail (Snaveley Commission). Their combined recommendations to the federal government provided the framework for how to improve the grain handling system, including finding a solution of the problem of the Crow rate.

The federal government appointed Justice Emmett Hall as Chief Commissioner for the Grain Handling and Transportation Commission on 18 April 1975.¹¹⁸ The terms of inquiry for the Hall Commission were broad. It was “to inquire into the rail needs of communities, the economics of a modernized rail system and the probable conduct of producers and elevator companies in changing circumstance for the purpose of making recommendations concerning the future role of that portion of the rail network identified for further evaluation.”¹¹⁹ While the commission focused its recommendations on the railway line network, its terms of reference allowed for inquiry on a wide range of related topics including “planning priorities of the grain handling industry; car allocation ... [and] other matters which could relate to other matters relevant to the Inquiry.”¹²⁰ Secondly, the government intended the Hall Commission to have “close consultation with the Snaveley Commission.”¹²¹

Carl Snaveley, an American economist with experience in railways, headed the Commission on the Costs of Transporting Grain by Rail (the Snaveley Commission). The Commission had much narrower terms of inquiry than the Hall Commission but that did not diminish the difficulty of its task. Its mandate was to provide definitive figures on the costs of moving grain. When the MacPherson Commission accomplished this large and complex task over several years, it left the commissioners strongly divided about the validity of the results. The

¹¹⁸ The government called the Commission and appointed Hall under Order-in-Council PC 1975-872. Hall Commission, *Grain and Rail in Western Canada*, 1:5-6.

¹¹⁹ Hall Commission, *Grain and Rail in Western Canada*, 1:6.

This dissertation does not reproduce the full terms and process but instead highlights only those directly relevant to the discussion. Full terms and process are in Hall Commission, *Grain and Rail in Western Canada*, 1:6 – 17.

¹²⁰ Hall Commission, *Grain and Rail in Western Canada*, 1:11.

¹²¹ Hall Commission, *Grain and Rail in Western Canada*, 1:10.

Snively Commission assumed a similar task but had a much shorter time frame (8 months), compared to the MacPherson Commission (21 months), or the Hall Commission (18 months).¹²² While both the MacPherson and Hall Commission engaged with multiple aspects of transportation and encouraged public participation, the Snively Commission focused strictly on economics, while its mandate and limited time frame meant that it did not engage with individuals affected by potential changes to the prairie grain handling and transportation system. The Snively Commission provided the costing figures to the Hall Commission. Thus, the two commissions had complimentary objectives, and when combined these two inquiries provided an extensive examination of the grain handling and transportation system.

Amidst these two inquiries the Canada Grains Council discontinued its own study of the Crow rate. The Grains Council believed its study had become redundant, excluding investigations into the port of Churchill.¹²³ Located on Hudson Bay, Churchill is Canada's northernmost port, which handles primarily grain. It provides a north-south trade route through Manitoba and a shorter distance between Canada and Britain for goods, primarily grain, moving off the prairies.¹²⁴ Geographer Jean Michel Montsion notes that its northern location gave it an important place in "Canada's military and strategic interests during the Cold War."¹²⁵ Moreover, during the 1960s and into the early 1970s many resource development projects in Canada's north viewed Churchill "as key" to success, which raised the possibility it might become more than a grain port; a development that had the potential to interfere with grain shipments; thus explaining in part why the Grains Council continued its study.¹²⁶ The Grains Council's members included many significant organizations in the Canadian grain industry so this decision signaled the Council members' confidence in the commissions, while also implying the Council assumed their study would come to the same conclusions as the two commissions. Despite this clear confidence the Grains Council remained committed to studying the port of Churchill as they considered it beyond the focus of the two Commissions even though a number of small branch

¹²² Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 6 (13 May 1975), 5768.

¹²³ "Council shelves Crow study plan," *Western Producer*, 1 May 1975.

¹²⁴ Jean Michel Montsion, "Churchill, Manitoba and the Arctic Gateway: A Historical Contextualization," *The Canadian Geographer* 59, no.3 (2015): 307-309.

¹²⁵ Montsion, "Churchill, Manitoba and the Arctic Gateway," 307.

¹²⁶ Montsion, "Churchill, Manitoba and the Arctic Gateway," 307.

lines formed Churchill's catchment area.¹²⁷ Yet, many of these lines were Category B lines that the Hall Commission had to address based on its mandate. Their decision to continue studying Churchill demonstrates the broad scope of the Hall Commission's mandate left room for uncertainty over how it would handle this scope despite the Grains Council's confidence in the commissions.

Even though both the Hall and Snavelly Commissions received official status 18 April 1975, only the Hall Commission received coverage in the next issue of the *Western Producer*. The front-page story featured highlights from the Commission, including its focus on regional differences to show that it would not take a macro-level approach to questions of the branch line rail system. The story focused on the fact that the Hall Commission would hold "public inquiries in the areas directly affected," which further fueled the impression that Hall would hear the concerns of that rural communities unlike previous federal inquiries that had not held such widespread hearings.¹²⁸ The discussion of Hall's past work on other commissions and his arbitration work with strikes helped to reassure readers that an experienced and respected person headed the inquiry. It detailed the process the Hall Commission would take to its investigations and suggested that if it did not make recommendations on a branch line then the line would be carefully investigated by the Canadian Transport Commission (CTC). The emphasis on the "thorough" process encouraged readers to trust the Hall Commission would consider each detail rather than reducing grain transportation and handling to a homogenous prairie problem.¹²⁹ In comparison the *Western Producer's* article on the Snavelly Commission was later, shorter, and less reassuring though still on the front page. It emphasized the Snavelly Commission was to investigate the Crow rate—an always contentious subject—with a goal of not only finding the full cost but analyzing the origin and distribution of the costs.¹³⁰

Compared to the Hall Commission, the Snavelly Commission met more hostility and skepticism. In large part, this difference was because the Snavelly Commission investigated freight rates to find dollar values for costs, whereas the Hall Commission focused on the railway network—the less contentious of the two aspects of the grain handling system—and,

¹²⁷ "Council shelves Crow study plan," *Western Producer*, 1 May 1975.

¹²⁸ "Hall heads branch line commission," *Western Producer*, 24 April 1975.

¹²⁹ "Hall heads branch line commission," *Western Producer*, 24 April 1975.

¹³⁰ "Rail cost, revenue study set," *Western Producer*, 1 May 1975.

importantly, encouraged public participation through hearings. Conservative MP Jack Murta articulated a common concern about the Snavelly Commission: “in reality [it] is a royal commission looking into the Crowsnest Pass rates.”¹³¹ The Snavelly Commission aimed to put dollar values on grain freight rates. The logical conclusion to this concern was that the Snavelly Commission would find the railways lacked the ability to profit from grain movement under the statutory rate; thus, setting the stage for the increase or even removal of the Crow rates. Therefore, those wanting to keep the Crow rates unchanged were alarmed by the Snavelly Commission’s mandate. Lang’s assurances that “the issue is closed – the Crow rate will stay” did not ease the concerns.¹³² Nor did a series of meetings Lang held as educational spaces “for farmers, to clearly understand the precise nature of federal policies on transportation.”¹³³

The SWP reinforced the point that Saskatchewan farmers adamantly opposed any changes to the Crow rate through widespread public meetings for their farmer-members. The SWP ran a full-page notice in the *Western Producer* that Pool members “UNANIMOUSLY REAFFIRMED THEIR POSITION THAT RATES SHOULD STAY AS THEY ARE [capitalization in original].”¹³⁴ Yet, it also acknowledged, “rail systems and rail service to elevators can stand improvement,” and suggested finding solutions to keep grain movement uninterrupted by “labour-management differences” were critical.¹³⁵ The notice followed an earlier ad in the *Western Producer* that warned readers the removal of the Crow rates meant financial losses for them rather than “proper development of the kind of transportation and handling system farmers need.”¹³⁶ It was clear SWP and its members were not opposed to ameliorations to the grain handling system but did not view freight rates as a part of the system that required any change.

¹³¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 6 (29 May 1975), 6233.

¹³² Otto Lang quoted in Ellen Nygaard, “Crow Won’t Go – Lang,” *Western Producer*, 1 May 1975.

¹³³ Otto Lang quoted in “Lang plans meetings on handling policies,” *Western Producer*, 17 April 1975.

¹³⁴ Saskatchewan Wheat Pool, “Country Meetings give overwhelming support to Pool’s position on grain handling and transportation...” *Western Producer*, 17 April 1975.

¹³⁵ Saskatchewan Wheat Pool, “Country Meetings give overwhelming support to Pool’s position on grain handling and transportation...” *Western Producer*, 17 April 1975.

¹³⁶ Saskatchewan Wheat Pool, “Away it goes!,” *Western Producer*, 10 April 1975.

Adding to concerns over the fate of the Crow rate, both CPR and CNR publicized the financial losses they suffered due to statutory rate on hauling grain. *Western Producer* readers were aware the railways found the statutory rate restrictive and had unsuccessfully tried to advocate for their loosening or even complete removal for many years. CPR reported it lost 68.8 million dollars due to the statutory rate on grain movement, even though it hauled 469 million bushels.¹³⁷ The company also reported it had conducted its own internal review of grain transportation costs, as well as projecting costs for a variety of grain movement scenarios, only to discover “not even the most efficient combination of changes to the system could eliminate the losses and put the railway into the black in its grain operations.”¹³⁸ Essentially, CPR’s investigation accomplished on a smaller scale what the Snavely and Hall Commissions were to investigate on a larger scale. *Western Producer* editor Bob Phillips warned readers “Canadian Pacific has gone after the Crow again.”¹³⁹ He argued CPR desired “a flexible freight rate system which mean[s] a freeing ... [from] the fixed Crow rates” continuing its previous effort to achieve this situation at the MacPherson Commission.¹⁴⁰ The vehement defense of the Crow rate by farmers at the MacPherson Commission was the only reason CPR had not succeeded. Therefore, Phillips told farmers to prepare to mount the same defense at these new commissions. This editorial supported the SWP’s stance that its members supported the Crow rate and it needed to defend the present system against changes suggested by the railways. While the SWP did believe the system potentially needed some revisions, removal of the Crow rate would cause too drastic a change.

The *Western Producer* did not report dollar figures for CNR’s grain movement. Instead it emphasized CNR’s overall frustration with the entire grain handling system; framing publicly-owned CNR as focused on larger issues to the prairie export-grain economy first, and their financial issues with the statutory rate second. This frustration suggested CNR focused on wider changes compared to CPR’s focus on the statutory rate. Pierre Taschereau and R. A. Bandeen, CNR’s Chairman and CEO respectively, described the decentralized network of elevators as

¹³⁷ “CP claims \$68.8 million grain loss,” *Western Producer*, 17 April 1975.

¹³⁸ “CP claims \$68.8 million grain loss,” *Western Producer*, 17 April 1975.

¹³⁹ Bob Phillips, “Canadian Pacific has gone after the Crow again,” *Western Producer*, 1 May 1975.

¹⁴⁰ Bob Phillips, “Canadian Pacific has gone after the Crow again,” *Western Producer*, 1 May 1975.

“outmoded” and suggested “inefficiencies in the present system add[ed] substantially to CNR’s cost.”¹⁴¹ They also highlighted the problem of the Crow rate noting, “the inadequacy of Crow’s Nest grain rates are mounting year by year and this is having serious adverse effect on the financial position of the company and on its capacity to move grain [at] maximum efficiency.”¹⁴² Similar to CPR, CNR also completed an internal report on possible solutions to the grain movement question.¹⁴³ Since CNR was a crown corporation, Taschereau and Bandeen stated the federal government had not directed it to undertake the report on grain movement. The report was purely “on its own initiative” even though CNR worked with the federal government on matters of transportation policy.¹⁴⁴ That both railways drafted internal reports on the problems they saw in grain transportation shows their continued focus on the issue while putting them in the public eye helped to reinforce the idea the statutory rate required change.

Conclusion

The 1967 implementation of the National Transportation Act was a response by the Pearson Liberals to the MacPherson Commission’s recommendations. Although Diefenbaker’s Conservative government called the Commission, it did not have time to implement any recommendations. Thus, as the official Opposition, Diefenbaker’s Conservatives maintained a position that was consistent with the regional and historical grievances about the national policy. Not having to implement the recommendations meant that Diefenbaker could champion this position but it also made him and his party appear to be holding to the earlier vision of the national policy despite the changing transportation sector.

The National Transportation Act put into law the ideals of the MacPherson Commission’s recommendations that emphasized regulating the transportation industry and encouraged an increasingly competitive and profit-driven transportation industry. The NTA’s treatment of the railways as profit-driven companies first signaled a shift from the confederation ideas of a national economy, to a post-war reconceptualization of the Canadian economy, and federal-provincial relationships. In comparison, earlier legislation prioritized the railways as providers of

¹⁴¹ “Surplus for CN, but for debts,” *Western Producer*, 5 June 1975.

¹⁴² Pierre Taschereau and R. A. Bandeen quoted in “Surplus for CN, but for debts,” *Western Producer*, 5 June 1975.

¹⁴³ “Surplus for CN, but for debts,” *Western Producer*, 5 June 1975.

¹⁴⁴ Pierre Taschereau and R. A. Bandeen quoted in “Surplus for CN, but for debts,” *Western Producer*, 5 June 1975.

a public service through strong government regulation designed to further regional and national interests. The new conceptualization of transportation encouraged by the NTA discarded the unique positioning of railways through their ability to bridge long distances to provide grain movement as a public good to the benefit of prairie farmers and ultimately the Canadian economy. Yet, even the National Transportation Act did not directly address the Crow rate, which regulated grain freight rates as a public good, instead putting them aside by promising investigation later. Putting off any decision on the statutory rate smoothed the passage of the NTA bill while also enforcing the idea that the rate needed to change. Despite the NTA leaving the statutory rate unchanged, it was clear from the mandate of the CTC that the rate was likely to come under scrutiny in the future. Even after the implementation of the NTA western farmers still voiced complaints over rail service, particularly boxcar turnaround times that led to filled elevators and necessitated greater on-farm storage. The strong western farm lobby combined with the vehement defense of the statutory rate by opposition politicians made it extremely politically unpopular for the Liberals to attempt to revise the statutory rate while also introducing large revisions to the national transportation policy. The statutory rate, therefore, was exempt from change due to political expediency but it was unrealistic to assume that it would remain exempt given the findings of the MacPherson Commission and the federal government's aborted attempts to change it. Indeed, Pickersgill's attempted amendment to have a study of the statutory rate to determine how to change it within five years strongly hinted that the Liberal government had privately accepted the MacPherson Commission's position on need to increase the Crow rate.

The continuing farm income crisis, however, took the focus away from the question of the Crow rate as it became clear that pursuing new markets, although resulting in more customers, had not appreciably raised either the prices of grain in the international market or farmers' payments. The federal government attempted to increase grain prices, thereby improving farm incomes, by reducing the supply of Canadian grain through paying farmers not to produce using the Lower Inventory for Tomorrow program. Despite, the significant uptake of this program, the reaction on the prairies was negative. Farmers and politicians argued that this program was morally wrong for reducing food production in the face of world hunger. Equally important was the financial argument that the program did not pay farmers enough to justify the removal of their production.

The unexpected and very large grain sales to the Soviet Union in 1972 temporarily solved the farm income crisis by drawing down surplus grain stocks causing international grain prices to increase substantially, but pushed concerns over grain movement to the fore as government bureaucrats renewed concerns that the handling system could not meet the new larger sales commitments. At the same time, the railways increased pressure on the federal government to provide them either greater payments or less regulation in relation to grain transportation. CPR's decision to scrap some of its aging grain car fleet combined with the railways' complaints made it abundantly clear that they intended to take direct action if the government refused to change.

The organization of a small group of farmers to build an inland terminal at Weyburn, SK, demonstrated to Otto Lang and the federal government that there were small cracks in the unity of the farm community and that some farmers were willing to see the system changed if they thought it would ultimately benefit them. The formation of this group suggested that some farmers might even be willing to entertain changes to the long-standing structure of the grain handling and transportation system including to the statutory rate. Indeed, the major prairie grain handling companies were cautiously consolidating their elevator networks suggesting that change to the handling system might be initiated from within the region instead of through government regulation.

With the end of the federal government's freeze on branch line abandonment and freight rates drawing near, there was renewed urgency from politicians and their prairie constituents for clarity on how the federal government intended to deal with these issues. Although the federal government wanted to avoid the uncertainty of what might change after the freeze ended while also finding ways to improve the grain handling system to safeguard Canada's reputation as reliable exporter, it put off making direct decisions on these politically-charged issues. Following in the steps of previous governments, which had called a commission to delay action, the federal government called two commissions—the Hall and Snavely Commissions—to provide a thorough and public investigation of all aspects of the system. Initiating these commissions encouraged the perception that the federal government would change the grain handling system only after thorough investigation and consultation. The two commissions had complementary mandates but their approaches and structures set them up as opposites in the

view of many participants including prairie farmers, their provincial governments, and their organizations.

Chapter Five: The Snavely Commission

The contested issue of grain transportation and rail networks on the prairies occasioned not one, but two simultaneous commissions tasked with inquiring into how to transform the structure of the system that collected and moved prairie grain from the farm gate to deep-water ports for shipping to end-use customers. The Hall and Snavely Commissions took very different approaches to investigating the grain handling system that influenced both who presented to them and the type of presentations they heard. Yet, despite these differences the same debate over the role of railway grain movement as a public good or a private business played out before both commissions.

These two commissions were a continuation of the decades-long debate over grain handling in the prairies. Public protest from the prairies, backed by sympathetic politicians, had left the recommendations related to grain handling by the prior MacPherson Commission largely ignored by the federal government in the National Transportation Act. Thus, there were no guarantees that the federal government would embrace new recommendations, particularly if they proved deeply unpopular. The previous outcome had created an incentive for prairie residents, organizations, and governments to participate in the commissions. Underpinning the new commissions' investigations was the question of how much grain movement by rail could rely on government regulation and financing and how much private business interests focused on short-term profitability should control it. For many prairie farmers, how much leeway railways had to abandon branch lines and set freight rates had a direct relationship with the survival of their local elevator delivery point and consequently the community around it. By 1975, when the federal government officially struck the commissions, prairie farmers had already seen some of their local elevators close with the loss of rail service.

The Snavely Commission chose to limit its scope of investigation in such a way that it divorced the question of rail costing from its historic, geographic, and social context in the prairies. Participants' submissions engaged with the Snavely Commission's limited scope and argued that it failed to fully understand the importance of the Crow. The structure of the Snavely Commission encouraged an approach to rail costing that focused on the direct finances of railways without accounting for ancillary costs and benefits or the necessity of rail transport to the prairie's export grain economy.

Mapping Saskatchewan's Elevators

In 1975 the Hall and Snively Commissions had to survey and evaluate the grain handling and transportation system; the physical manifestation of which was the interlinked rail lines and elevator delivery points. Elevators required rail access, which meant that any evaluation of and recommendations for the rail system would affect the elevator network. It is useful to consider how the elevator network looked when the Commissions began their investigations as this consideration provides context for how the prairies had been experiencing rail line abandonment and elevator closure. In Saskatchewan, the total number of in-country elevators dropped from 2,667 in 1970 to 2,309 in 1975; a trend that also appeared in Alberta and Manitoba.¹ Grain companies closed elevators in an effort to reduce costs, improve service, and at the encouragement of the railways who reduced their costs by reducing the number of delivery points they needed to service.

The commissions used maps to visualize the system but the high cost of producing maps limited the type of maps created. The federal Department of Transportation worked closely with the commissions to produce maps. Correspondence over producing an updated version of a map from 1968 to reflect data current for 1973 illustrates the limits imposed by cartography costs. The map showed “railway freight traffic density and maximum gross weight limitations” of the prairie rail system.² Traffic density (measured in gross ton-miles) was an important factor for the revenue generated by a rail line. Weight limits of a line determined what kinds of traffic it could handle and at what speeds, which was an important consideration as grain movement shifted toward heavier larger hopper cars from lighter smaller boxcars. Henry Fast, with the Department of Transportation’s Economics Branch, explained “costs are considerably higher than I had anticipated and so I have had to reconsider just how essential or usable publishing such a map

¹ In Alberta the number of elevators declined from 1,543 to 1,270 while Manitoba’s elevators dropped from 616 to 473 between 1970 and 1975. Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1970/71*, (Winnipeg: Canada Grain Commission, 1975), 9, 31, 43; Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1974/75*, (Winnipeg: Canada Grain Commission, 1975), 9, 30, 41.

² Letter from Henry Fast to Anthony Burges, 2 May 1975, Hall Commission Fonds, Royal Commission Files, Library and Archives Canada (LAC)

will be.”³ So, despite this information being relevant to the commission’s inquiry areas, there was no updated version of the map.

Technological advancement has reduced the cost of creating maps, so this dissertation is able to use maps to get a sense of the broad scope of the closures beyond a list of places by utilizing a historical geographic information systems (HGIS) approach. This approach uses Geographic Information Systems (GIS) software (in this case ArcGIS) for analysis of historical data with a spatial component. HGIS began as a quantitative approach that moved large data sets into the visual medium of maps for spatial analysis; but, as the use of GIS within the historical discipline has become more widespread, there is also growing use of HGIS for spatial analysis of qualitative data.⁴ This dissertation uses a quantitative HGIS approach because the sources used

³ Letter from Henry Fast to Anthony Burges, 2 May 1975.

⁴ There is a growing body of scholarship on the use of GIS in historical scholarship See for example Charles Travis, Francis Ludlow, and Ferenc Gyuris, eds. *Historical Geography, GIScience and Textual Analysis* (Charm: Springer, 2020); Ian N. Gregory and Alistair Geddes, *Toward Spatial Humanities: Historical GIS & Spatial History* (Bloomington: Indiana University, 2014); Alexander von Lünen and Charles Travis, eds. *History and GIS: Epistemologies, Considerations and Reflections* (New York: Springer, 2013); Jennifer Bonnell and Marcel Fortin, eds., *Historical GIS Research in Canada* (Calgary: University of Calgary Press, 2014); Anne Kelly Knowles, ed. *Placing History: How Maps, Spatial Data, and GIS are Changing Historical Scholarship* (Redlands, California: ESRI Press, 2008); Anne Kelly Knowles, “Emerging Trends in Historical GIS,” *Historical Geography* 33 (2005):7-13; Ian N. Gregory, *A Place in History: A Guide to Using GIS in Historical Research* (Oxford: Oxbow Books, 2003); Anne Kelly Knowles, ed. *Past Time, Past Place: GIS for History* (Redlands, California: ESRI Press, 2002); Richard G. Healey and Trem R. Stamp. “Historical GIS as a Foundation for the Analysis of Regional Economic Growth: Theoretical, Methodological, and Practical Issues,” *Social Science History* 24, no. 3 (2000): 575–612.

Historical work incorporating HGIS includes: Gustavo Velasco, “The Production of Space in Western Canada, 1850–1914,” *Cartographica* 55, no. 1 (2020): 1-14; Jim Clifford, *West Ham and the River Lea: A Social and Environmental History of London’s Industrialized Marshland, 1839–1914* (Vancouver: UBC Press, 2017); Mary A. Poutanen, and Jason Gilliland, “Mapping Work in Early Twentieth-Century Montreal: A Rabbi, a Neighbourhood, and a Community,” *Urban History Review* 45, no. 2 (2017): 7–24; Jason A. Gilliland, Sherry H. Olson, and Danielle Gauvreau. “Did Segregation Increase as the City Expanded? The Case of Montreal, 1881–1901,” *Social Science History* 35, no. 4 (2011): 465–503; Geoff Cunfer, *On the Great Plains: Agriculture and Environment* (College Station: Texas A&M University Press, 2005); Brian Donahue, *The Great Meadow: Farmers and the Land in Colonial Concord* (New Haven: Yale University Press, 2004); Loren Siebert, “Using GIS to Map Rail Network History,” *Journal of Transport History* 25, no. 1 (2004):84-104; G. William Skinner, Mark Henderson, and Yuan

are quantitative. Using an HGIS approach to the elevator closures allows for the creation of maps that provide this information in a visual format. An important feature of these maps is that they show closures in a spatial perspective so that the viewer easily sees one closure in relation to other closures within the system. This presentation is not possible within a list or table format, as in the original data, unless the viewer is intimately familiar with the full geographic area covered. These maps use statistical data collected by Canada Grain Commission (CGC). As part of its mandate the CGC oversees the licensing of all grain elevators at delivery points in the prairies as well as all terminals and port facilities that handle grain. It records this data each year. To appreciate the changes over time to the network of primary delivery points, the CGC data was used to create maps at five-year intervals beginning with the 1965/66 crop year. To create these maps, any elevator point in the data is considered as inactive or closed when it records no grain deliveries or when “the elevator capacity figure is not quoted; [as] this would indicate that the license had not been renewed.”⁵ The maps overlay the inactive points from the previous years so that that viewer can see the accumulation of closures not just the new closures in that year. The railway lines used in these maps are the historic main CPR and CNR lines with branch lines as they existed in 1975 as the Hall and Snavely Commissions began their investigations.⁶

The maps visually demonstrate how the network of in-country delivery points changed in Saskatchewan. While the networks in Alberta and Manitoba also changed, Saskatchewan’s economy had more ties with grain production. Therefore, Saskatchewan is the primary focus of this dissertation and the maps focus on Saskatchewan’s delivery network. The maps show that Saskatchewan’s delivery points consolidated and that the total reduction in delivery points was

Jianhua, “China’s Fertility Transition through Regional Space: Using GIS and Census Data for a Spatial Analysis of Historical Demography,” *Social Science History* 24, no. 3 (2000): 613–652; Gustavo Velasco, “The Post, the Railroad and the State: An HGIS Approach to Study Western Canada settlement, 1850-1900,” in *Routledge Companion to Spatial History*, eds. Ian Gregory, Don DeBats, and Don Lafreniere (New York: Routledge, 2018), 375–393.

⁵ Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1970/71*, (Winnipeg: Canada Grain Commission, 1975), i.

⁶ The railway lines are created use the Natural Resources Canada, National Railway Network GeoBase Series as a base. This data was then modified using the maps of the prairie railway network provided in the Hall Commission to add branchlines which no longer appear in the Canadian rail network as of 2012 when the National Railway Network GeoBase Series’ coverage begins.

not uniform but instead followed railway branch lines. This clear correlation provides some explanation for why prairie farmers as well as other rural residents and organizations considered branch line abandonment and elevator closure as linked events. These maps also show that the total number of elevators at each point decreased between 1965 and 1975. They reveal an increasing number of delivery points without licensed (active) elevators. It is important to note how these inactive points are still relatively close to licensed points; thus, the proximity to other points demonstrates that initial changes to the Saskatchewan elevator network reduced redundancy but did not create significant distances between of delivery points.

For most farmers these elevator closures were inconvenient but largely insignificant as they still had relatively nearby options for delivering grain. A farmer might have to deliver to a different elevator company, for example United Grain Growers (UGG) instead of SWP. Given that the vast majority of prairie farmers in this period were members of a cooperative grain handling company, switching to another company was not a decision made lightly. Many preferred to continue delivering to the member-run cooperatives rather than switching membership as it not only an economic consideration but also a social one. Prairie farmers and other rural residents expressed consistent concern over elevator closures and branch line abandonments even when another delivery point was relatively close. Closure meant the local elevator agent lost their job and the elevator was no longer a social gathering space; therefore, an elevator closure created losses both socially and economically.⁷

Figure 5.1 shows the network of delivery points as they were for the 1965/66 crop year. On this map there are relatively few inactive or closed points and these points are near active points. During the 1966 strikes at ports and on the railways, grain plugged this system of delivery points. The slowed movement of grain out of these delivery points and at the ports left less than ten percent of the overall storage capacity available.⁸ The break down in grain movement created significant concern that it would jeopardize recent grain sales and Canada's

⁷ For example, see Naden Hewko's memoir of the social aspect of country elevators: "Transporting Prairie Grain," *Folklore* 34, no. 2 (2013): 30-32. A brief overview of services provided by the Wheat Pools beyond grain handling is found in Canadian Wheat Pools, *The Wheat Pools and Western Community Life* (Regina: Canadian Wheat Pools, 1940); Saskatchewan Wheat Pool Extension Division, *Beyond the Farm Gate: Story of Saskatchewan Wheat Pool* (Regina: Saskatchewan Wheat Pool, n.d)

⁸ Ronald Anderson, "Elevators clog as exports dip," *Globe and Mail* 31 October 1967.

share of the international grain market. To unplug the grain handling system, after labour disputes ended, workers had to empty port terminals so they could receive new grain from the prairies. For grain to get to the ports, the railways needed to bring grain cars to every delivery point then retrieve the filled cars. Then, the railways moved the cars with the correct grade and type of grain required to fulfil sales obligations to the ports contracted for each sale. The highly decentralized network of delivery points that required cars appears in Figure 5.1

The delivery network as it stood for the 1970/71 crop year appears in Figure 5.2. The recent damp grain crisis of the 1968/69 crop year had demonstrated the importance of centralized logistical coordination for grain movement. A combination of moving damp grain to ports for drying and encouraging installation of driers on-farm and at prairie delivery points had successfully overcome the crisis with minimal loss of grain to spoilage.⁹ Yet, despite this success grain prices remained low continuing the farm income crisis. The federal government implemented the Lower Inventory for Tomorrow (LIFT) program to encourage a reduction in grain acreage in an attempt to reduce carry-over supplies and thereby increase prices. More elevator closures appear on the map in Figure 5.2. These closures appear across Saskatchewan but cluster along branch lines and near other active points, which suggests that grain companies continued to close delivery points that appeared redundant due to their relative proximity to other points.

The trend in closures, although increasing, continues in the map for the delivery network for the 1975/76 crop year shown in Figure 5.3. This map shows the delivery network as it stood when the Hall and Snavely Commissions began their investigations into how to rationalize the grain handling and transportation system. The persistent problems with grain movement and plugged elevators left all groups involved in the export grain economy from farmers and prairie provincial governments to the grain handling companies and federal MPs frustrated with the performance of the handling system. Many considered the cause of these problems poor railway performance. Yet, the railways argued the decentralized delivery system was costly to service and reduced their revenues, which they suggested were already low due to the regulated freight

⁹ Statement by R. L. Kristjanson to the Standing Committee on Agriculture on High Moisture Grain Situation, 18 April 1969. LAC Winnipeg Accession 1984-85/488 Box 5.

rates. The federal government called the commissions to examine how to change the elevator delivery network and the rail network that served it to address these problems.

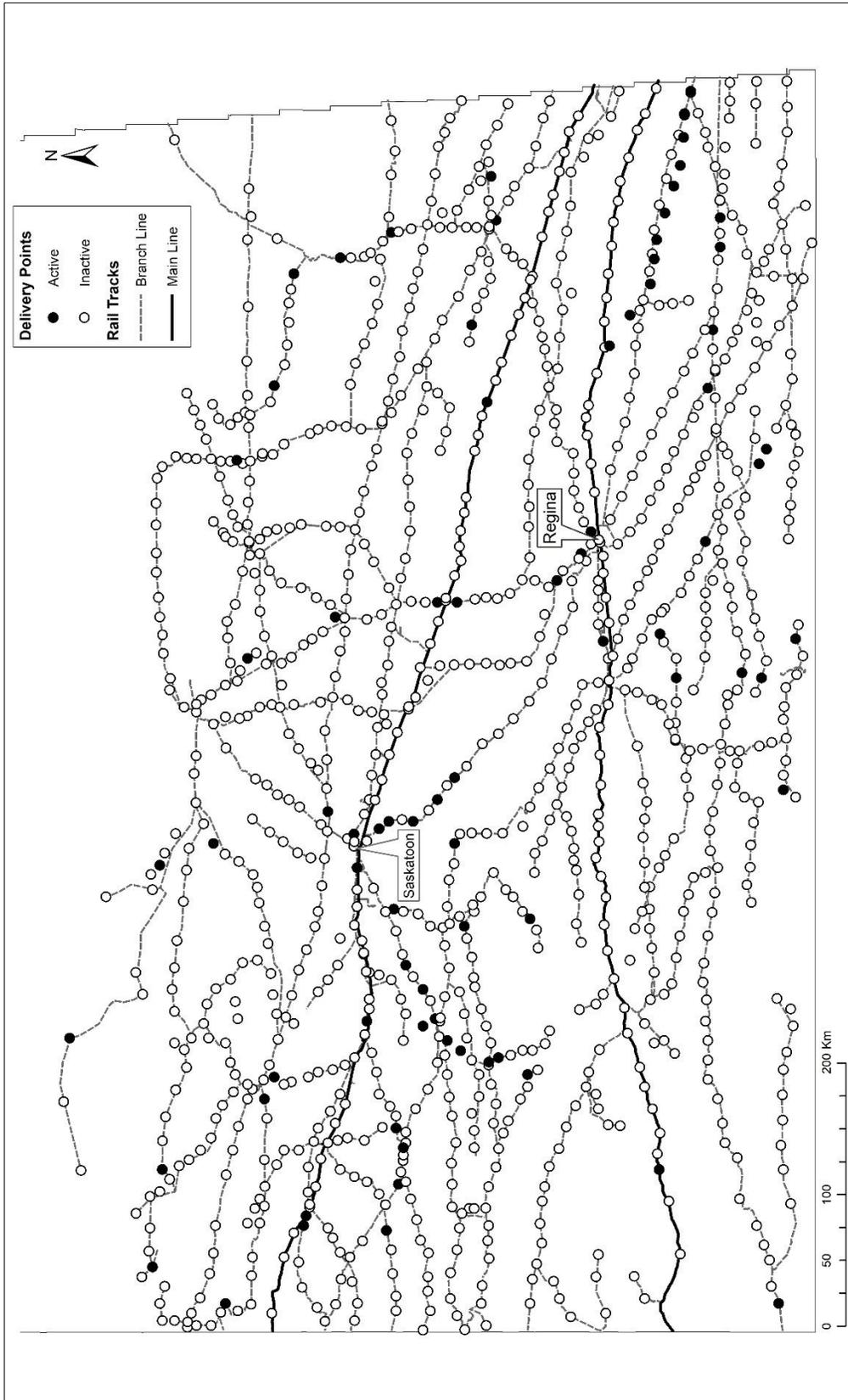


Figure 5.1 Delivery points 1965/66 crop year

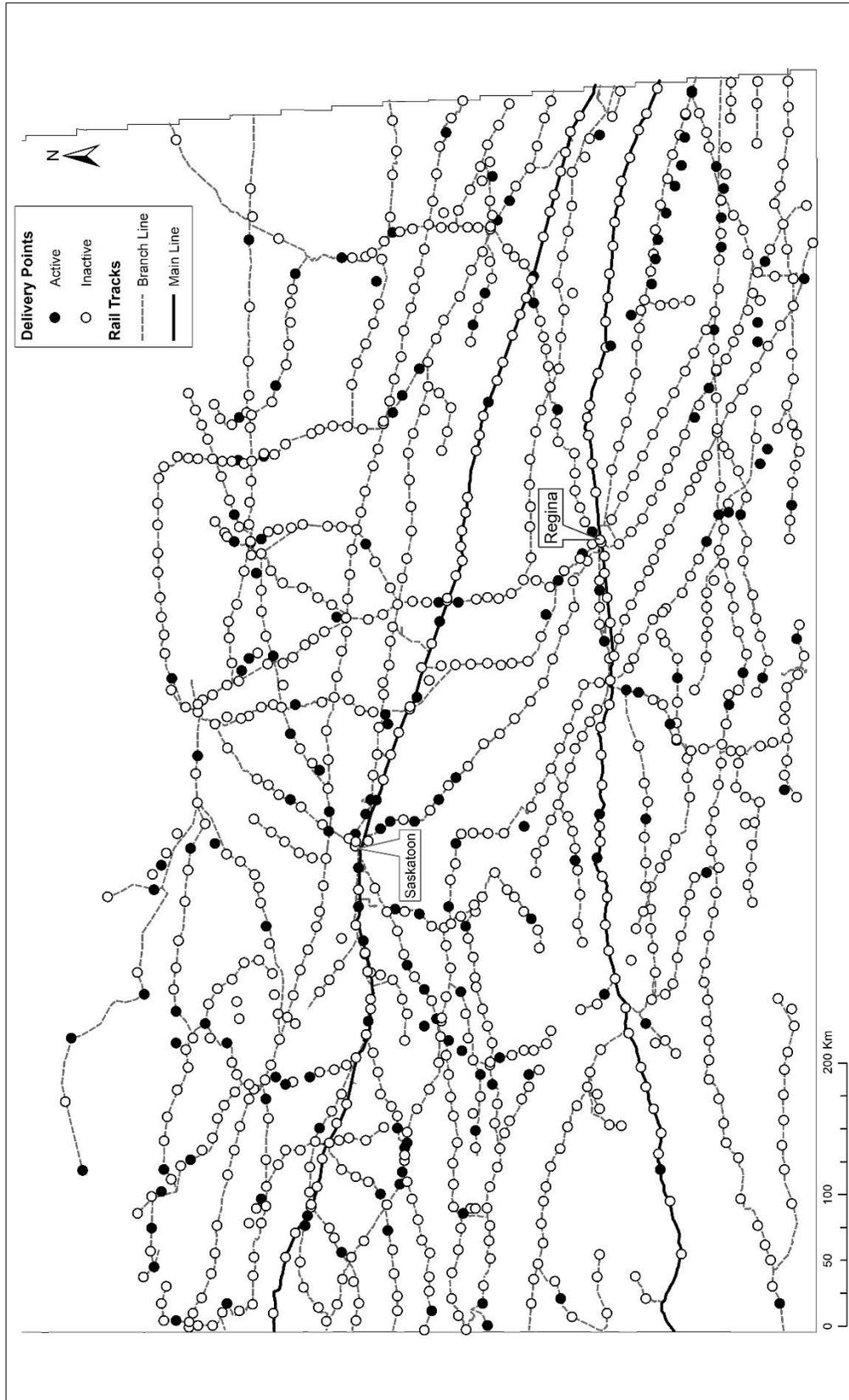


Figure 5.2 Delivery points 1970/71 crop year

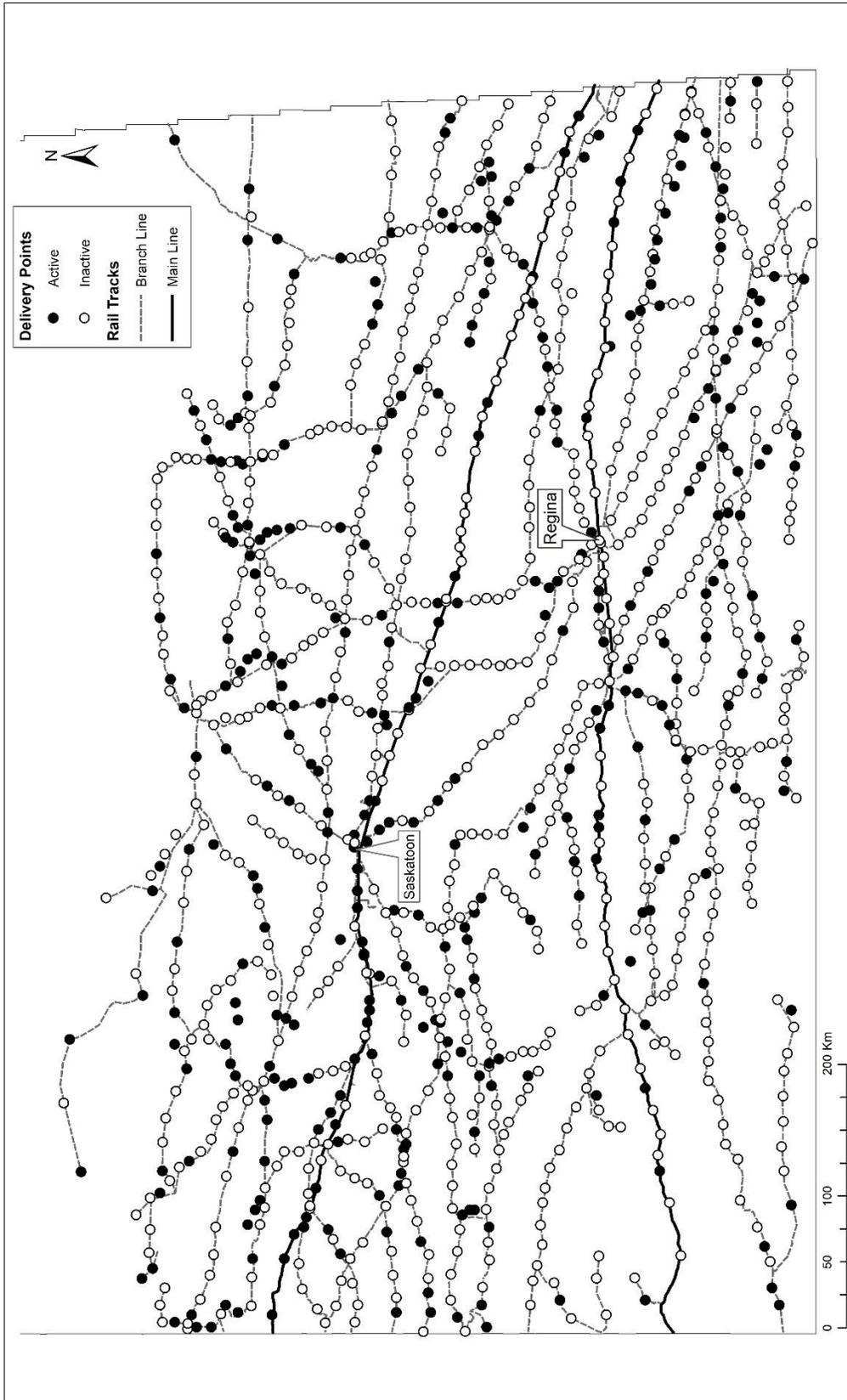


Figure 5.3 Delivery points 1975/76 crop year

Comparing closures spatially demonstrates that delivery points closed along the main lines although with less frequency and greater distance between closed points when compared to the delivery points situated on branch lines. Thus, demonstrating the start of a trend toward reducing branch line delivery points and concentrating main line delivery points. These three maps (Figure 5.1, Figure 5.2, and Figure 5.3) show over a ten-year period the number of inactive points increases and there were more closures in proximity to each other especially on branch lines.

Maps that compare active and inactive points show one aspect of the Saskatchewan grain handling system but another important consideration is the total number of elevators at each delivery point, since many delivery points had multiple licensed elevators during this period. As well as recording each delivery point, beginning with the 1968/69 crop year, the CGC also recorded the number of elevators at each delivery point.¹⁰

Maps showing the total number of elevators at a delivery point provide a more nuanced view of the grain handling system as they show that even though delivery points remained active the total number of elevators per point was decreasing. Multiple grain companies often operated at delivery points with multiple elevators so that closure of an elevator might leave a point still active but without an elevator run by a particular handling company. A closure could result in farmers having to choose between delivering to the remaining company or delivering to a more distant point so they could continue patronizing the cooperative company in which they held a membership. This choice was similar to the one faced by farmers who had delivered to points that closed completely. Figure 5.4 and Figure 5.5 show that not only were closures of delivery points occurring but that the total number of elevators at many delivery points decreased between 1970/71 and 1975/76.

¹⁰ Board of Grain Commissioners for Canada Statistics Division, *Summary of Country Elevator Receipts at Individual Prairie Points: Crop Year 1968-69*, (Winnipeg: Canada Grain Commission, 1969).

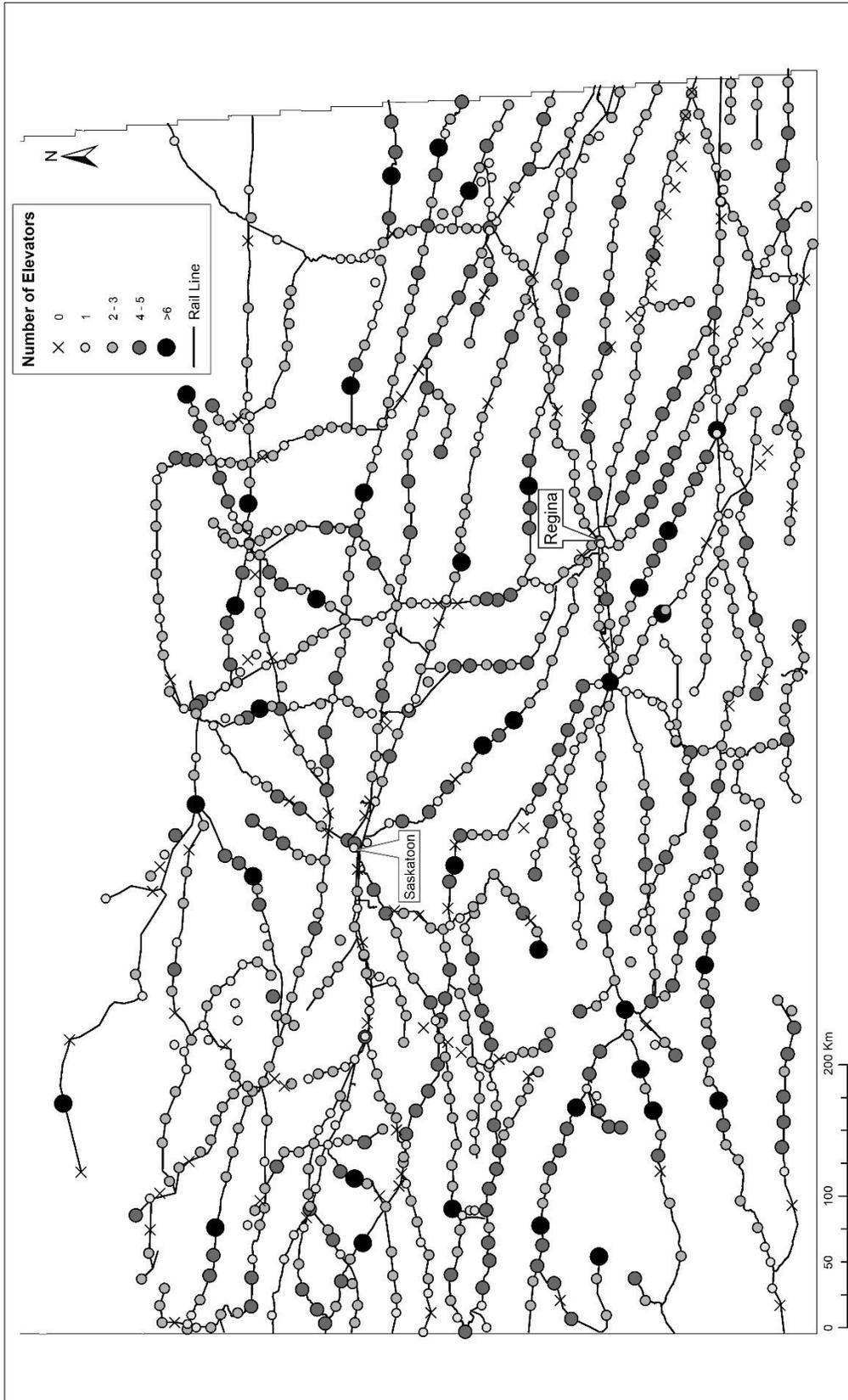


Figure 5.4 Elevators per delivery point for crop year 1970/71

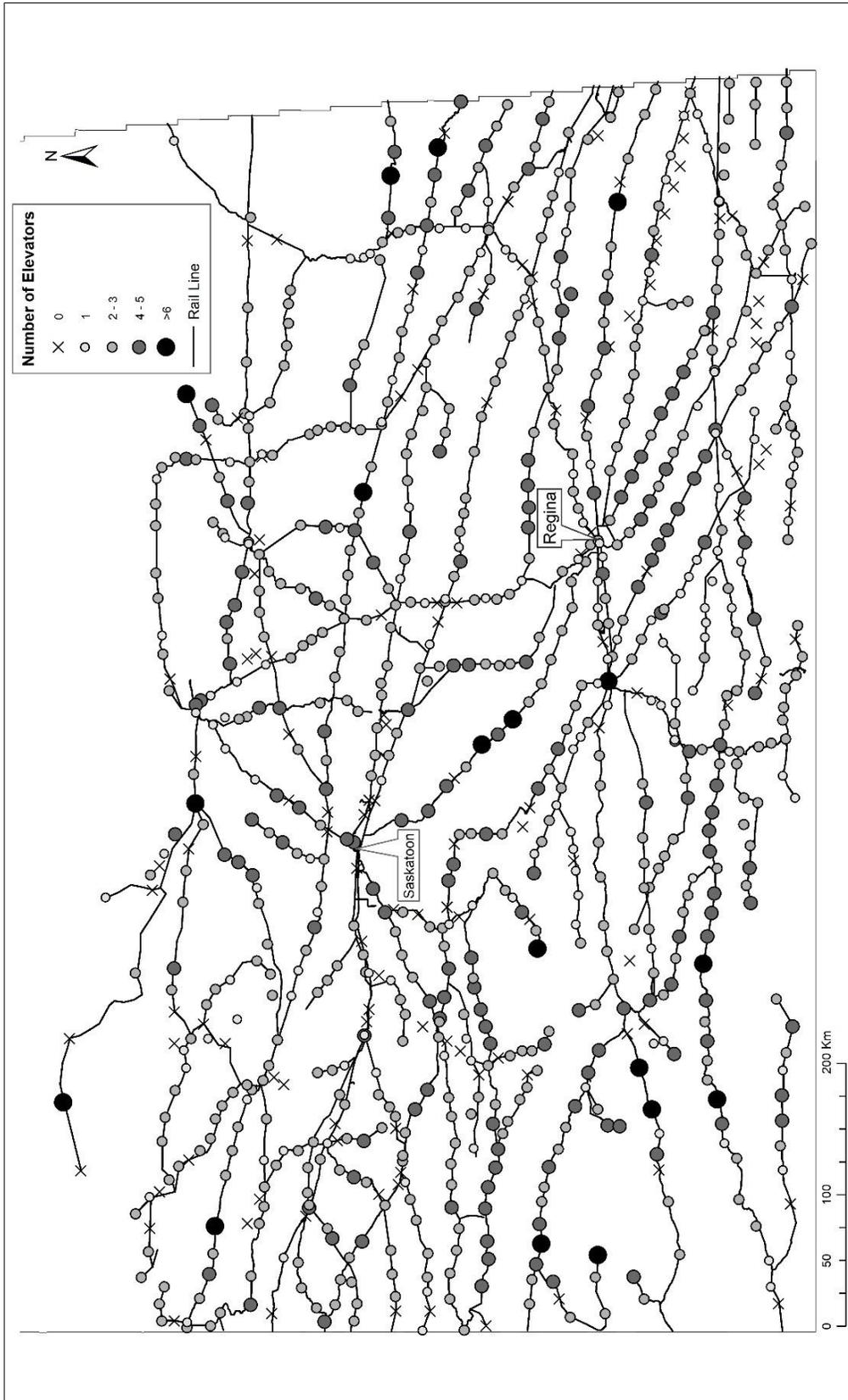


Figure 5.5 Elevators per delivery point for crop year 1975/76

The decrease in the total number of elevators at a delivery point meant that those points had less storage capacity; therefore, during times when grain plugged the handling system delivery points with closed elevators were likely to plug faster, thus frustrating farmers using those points. Within the entire system, the reduction in the number of elevators meant the total capacity of the grain handling system, which is the measure of the total volume of grain the system can hold, decreased. In Saskatchewan, this capacity declined by 15 percent between the 1970/71 and 1975/76 crop years.¹¹ This same trend occurs in Manitoba and Alberta with capacity decreasing by 14 and 12 percent respectively.¹² The decreased system capacity meant that grain needed to move more efficiently from the prairies to the ports to prevent the system from plugging. Fewer elevator delivery points required rail cars to be available to empty them more often so it was important that cars moved quickly through the system. Additionally, the increasing use of hopper cars meant that not all grain cars worked for all elevators as older elevators sometimes required upgrading to accommodate hopper cars, which were taller than boxcars. So, while closures individually did not create a significant change when taken collectively, they created a greater need for faster car turnaround times, which consequently effected the entire system from prairies to ports.

Figure 5.1 through Figure 5.5 demonstrate that although many farmers, their organizations, and other rural Saskatchewan residences wanted to retain the decentralized elevator and branch line rail networks along with the statutory rate, these networks were changing between 1965 and 1975 as elevators closed and the total number of elevators at delivery points declined. The closure of elevators and the reduction in delivery points increased the distance that farmers had to move grain on municipal roads by truck. These maps demonstrate how the Saskatchewan grain handling system changed in the ten years between 1965 and 1975.

¹¹ This figure is calculated using data from Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1970/71*, 39; Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1975/76*, 39.

¹² These figures are calculated using data from Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1970/71*, 9, 43; Canada Grain Commission Economics and Statistics Division, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1975/76*, 9, 43.

The maps show that elevator consolidation was happening before the calling of the Hall and Snavely Commission but that this consolidation was occurring gradually. Anthony Burges, the director of the federal Ministry of Transport's Grains Group,¹³ explained this consolidation as an industry driven rationalization that included adding more inland terminals in the grain handling system.¹⁴ He highlighted that SWP, the largest grain handling company, was a strong example of this rationalization since it was transitioning away from small local elevators for a more centralized system of "high through-put elevators...implying the closure of up to 50 per cent of the existing elevator points."¹⁵ Had this information been widely reported it may have surprised SWP members who understood elevator closures as directed at those with extremely low handling volumes and with nearby alternative SWP delivery points.

Although SWP was engaged in a program to ultimately reduce its network to around 400 delivery points from about 1200 points, SWP President Ted Turner emphasizes that it "did not have a definitive time line" and did not intend to rush the reduction to the detriment of SWP's farmer-members.¹⁶ Indeed, SWP, working with the Alberta and Manitoba Pools, purchased Federal Grain Ltd. in 1972 to expand their respective provincial elevator networks by integrating Federal's elevators. The expanded elevator network then allowed SWP to close redundant points without drastically affecting delivery services for its members. As Turner recalls "it became apparent [to members] we were not going to suddenly close a number of elevator points" which

¹³ Burges was also the Director, Co-ordination and Management, Federal-Provincial Committee on Western Transportation, Canadian Surface Transportation Administration, Ministry of Transport. In his introduction to the Standing Committee on Transport and Communications J. M. Davey, the Senior Assistant Deputy Minister for Special Projects in the Ministry of Transport claimed that Burges "had been in every branchline in western Canada, literally every branchline." Canada, House of Commons, Standing Committee on Transport and Communications, 30th Parl, 1st Sess, vol. 1 (10 July 1975), 25:4.

As Minister Responsible for the Canadian Wheat Board Otto Lang created the Grains Group to examine the grain industry and investigate ways to improve it. It drew membership from not only the federal agriculture, trade and transport departments but also from foreign affairs and industry. William E. Morriss, *Chosen Instrument: A History of the Canadian Wheat Board: The McIvor Years* (Winnipeg: Canadian Wheat Board, 1987), 256-257.

¹⁴ Burges highlighted the Weyburn Inland Terminal as "a notable example" of these terminals. Canada, House of Commons, Standing Committee on Transport and Communications, 30th Parl, 1st Sess, vol. 1 (10 July 1975), 25:6.

¹⁵ Canada, House of Commons, Standing Committee on Transport and Communications, 30th Parl, 1st Sess, vol. 1 (10 July 1975), 25:6-7.

¹⁶ Turner, *Beyond the Farm Gate*, 77, 83.

alleviated concerns that the purchase would lead to a rash of closures.¹⁷ Thus, although Burges was correct that SWP planned to reduce its networks, the implication that the process was happening quickly was misleading as slow consolidation had been occurring for over the past decade by the time Burges made his remarks. For prairie farmers and other rural residents this slow consolidation gave them a practical experience of closures, which informed their reactions to proposed changes to the prairie grain handling and transportation system.

Hearings for the Commission on the Cost of Transporting Grain by Rail

The Snavely Commission was a technical commission focused on assessing the cost of transporting grain. Yet the question of how to define cost still required a deeper set of interpretations about the railways' place in grain transportation, as a public good or private business. As an American economist with experience working for American railways Carl Snavely's appointment as the head of the commission generated public concern. The Commission's focus on pinning a specific value on costs, and its lack of public engagement, further disillusioned prairie residents. Otto Lang, the Saskatchewan MP who spearheaded issues related to grain and transportation in prairies emphasized Snavely would give "an independent opinion – in effect [be] an outside expert auditor."¹⁸ By presenting Snavely as independent, American, and without ties to the prairies Lang tried to frame him as an impartial and dispassionate judge to mitigate one of the consistent arguments about any investigation of the Crow rate—bias of the judge either for the railways or for the prairies and their grain farmers. Lang did not sway public opinion that Snavely was essentially investigating the Crow rate. Many feared Snavely would simply reinforce the MacPherson Commission, which recommended the Crow rate needed either a substantial increase or removal. The Snavely Commission used the Canadian Transport Commission (CTC)'s rail costing process as the basis of its approach, which reinforced this fear as the CTC's costing process used the MacPherson Commission's work, which had prioritized a private business model.¹⁹

¹⁷ Turner, *Beyond the Farm Gate*, 82; A full discussion of the Federal Grain Purchase appears in Turner, *Beyond the Farm Gate*, 78-82.

¹⁸ Otto Lang quoted in "Rail cost, revenue study set," *Western Producer*, 1 May 1975.

¹⁹ Commission on the Cost of Transporting Grain by Rail [Snavely], *Report on the Commission on the Costs of Transporting Grain by Rail*, vol. 1, Chief Commissioner Carl M. Snavely, (Ottawa: Queen's Printer, 1976), 28.

The emphasis on the technical nature of the Commission supported a growing trend that relied on technical experts for policy advice, rather than listening to front line participants, like farmers and other prairie residents directly connected to grain farming. The reliance on technocrats also fit within the prioritization of private sector involvement and reduced government oversight.²⁰ Carl Snavely as an independent consultant fit with this trend, reinforcing the idea that rail costing was a purely technical exercise and moreover one that was too complex for a general audience, even for those directly involved. It also suggested that the government itself was unable to rely on its own internal expertise and that all participants (except the railways) should use external experts in the subject rather than their own internal staff. Snavely characterized his commission as “the first time in history” everyone involved had equal access to data, which further served to undermine the credibility of participants’ internal expertise or first-hand experience as insufficient.²¹

Further reinforcing the impression that the Commission was specialized and by implication objective and impartial, Snavely chose to follow the more restrictive definition of its mandate so that the Commission focused only on statutory grain (grain that moved under the freight rates defined by the Crow).²² By confining the focus to only statutory grain the Commission effectively reduced the standard of comparison and placed the costs associated with statutory grain in a vacuum that ignored the costs and revenues for moving other comparable

²⁰ Discussion of the rise of the scientist as expert appears in a considerable range of literature in history as well as other disciplines like political science and sociology. See for example Edward Jones-Imhotep and Tina Adcock, eds. *Made Modern: Science and Technology in Canadian History* (Vancouver: UBC Press, 2018); Matthew Evenden, *Fish Versus Power: An Environmental History of the Fraser River* (Cambridge: Cambridge University Press, 2004), notably chapter 7 (pp. 232 – 266); Tania Murray Li, *The Will to Improve: Governmentality, Development, and the Practice of Politics* (Durham, NC: Duke University Press, 2007)

A discussion of the rise of neoliberalism and its effect on government policy making as well as various aspects of society from gender to space in a variety of countries appears in Simon Springer, Kean Birch, and Julie MacLeavy eds. *The Handbook of Neoliberalism* (New York: Routledge, 2016).

²¹ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:11-12.

²² As discussed in the Commission’s report the Order-in-Council and the Terms of the Commission provided somewhat different definitions of the mandate. The Commission would “deal exclusively with grain and grain produced as defined under Section 271 and 414 of the Railway Act, i.e., statutory grain.” Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, Vol. 1, 4.

commodities. This narrow mandate generated concerns among Saskatchewan farmers, rural residents, and provincial governments as to how it dealt with the indirect costs related to the movement of grain on the railways. For instance, it did not examine road-related costs such as “the cost of movement of grain from the farm to the primary elevators ... or the cost to the Provinces of maintaining the road system used to haul grain” because these costs were not directly incurred by the railways but downloaded into the budgets of municipal and provincial governments.²³ In their joint submission to the Commission, the three Prairie Provinces explained the narrow focus constrained their efforts to measure the true costs of moving grain: “[i]t is important to note at the outset that the cost estimate hereinafter presented represents only the railway portion of the costs properly attributable to grain transportation ... additional costs are incurred by the Canadian Wheat Board in providing freight cars ... and by the citizens of the Prairie Provinces in transporting grain to the railhead.”²⁴ Without addressing these and other “such substantial cost elements, and their socio-economic impacts” the Provinces suggested the inquiry failed to fully investigate the issue, which made recommendations stemming from it flawed.²⁵

Since the Snavely Commission dealt with highly specialized matters it created the Technical Committee to look at the costing questions the commission would examine. The Committee members created submissions to show their methodology and conclusions for the cost of moving grain.²⁶ These submissions were the first part of the Snavely Commission’s investigation into rail costing. Thus, the groups involved provided expertise on the subject which reinforced the framing of rail costing as a subject that required the mediation of an outside dispassionate expert—in this case Carl Snavely. Organizations with direct relationships to grain movement comprised the overwhelming majority of the technical committee members with

²³ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:7.

²⁴ Robert Banks, George Borts, George Dutton Jr., Myron Gordon, W. Gifford More, and Thomas O’Connor on behalf of the Provinces of Alberta, Manitoba, and Saskatchewan, *Submission to the Commission on the Costs of Transporting Grain by Rail Volume I-CNR 1974*, (Winnipeg: n.p., 19 April 1976), 2.

²⁵ Robert Banks et al., *Submission to the Commission on the Costs of Transporting Grain by Rail Volume I-CNR 1974*, 2.

²⁶ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:8-9.

government departments and farmers' organizations rounding out the committee.²⁷ It is notable that even though the Canadian Wheat Board was involved in the allocation of rail cars and organization of grain movement it had no representative on the Technical Committee.²⁸

An important aspect of the Technical Committee was that its members received access to proprietary financial data from the railways. Accessing this data was a considerable problem when doing rail costing—one that consistently appeared in the discussions of rail costing at prior Commissions—since the commercially sensitive nature of the data created a lack of transparency around railway finances. Thus, as the Prairie Pools explained, the only specialists with full access to this data were consolidated in government regulatory agencies and at the railways themselves so that “the various non-rail interests ... [were] at a distinct disadvantage in any formal investigations of commissions.”²⁹ The railways had no obligation to provide relevant data for costing but without it the various analyses put forward were not working with equal levels and types of information. To solve this problem the Snavely Commission got the railways to provide their data to members of the Technical Committee who signed confidentiality agreements that prevented them from sharing or using the data in future negotiations with the railways.³⁰ This solution created equalization between the limited membership of the Technical Committee but reinforced the framing of rail costing as specialized subject; it created a firm division between those who participated in the Technical Committee and those who did not or could not participate.

²⁷ The members of the technical committee were the Canadian Transport Commission, Agriculture Canada, Provincial governments of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario, the Canadian Grain Commission, the Canada Grains Council, Manitoba Pool Elevators, Saskatchewan Wheat Pool, Alberta Wheat Pool, United Grain Growers, the Manitoba Branch Lines Association, Canadian National Railway, Canadian Pacific Railway, Northern Alberta Railway, the Canadian Federation of Agriculture, and the National Farmers Union. Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:Appendix C.

²⁸ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:Appendix C.

²⁹ Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool, *Rebuttal Presentation of Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool to the Commission on the Costs of Transporting Grain by Rail in Regina, Saskatchewan, June 21 to July 3, 1976*, (Regina: n.p., 1976), 2.

³⁰ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:11-12.

The specialized nature of this commission meant that it did not hold wide public hearings, yet popular concerns around the issue of grain movement by rail encouraged the Snavelly Commission to acknowledge a need for public engagement. As Snavelly explained “everyone should have a chance to be heard ... [i]f I have to choose between delay of the final report and reducing public participation, then the final report will be delayed.”³¹ The Commission extended the original nine-day public hearings to 36 days; but this time paled when compared with the over 160 days of hearings by the Hall Commission.³² Despite, the increased time, the Snavelly Commission still emphasized the idea that only experts could effectively engage with the question of rail costing.³³ The Commission’s requirement for written questions to and submissions from participants also controlled public participation.³⁴

The technocratic approach of the Snavelly Commission gave the impression that rail costing was a dispassionate mathematical evaluation disconnected from any economic or social costs to the greater community; how to understand those costs was part of the philosophic question of rail costs as public good or simply another cost of the private business of grain movement. They also reflected different approaches to accounting, with Snavelly’s approach focusing on direct costs, while the provincial governments and the Wheat Pools advocated for a full cost accounting approach, which considered direct costs, such as maintaining railway line, and indirect costs resulting from the structure of the grain transportation system, such as costs of road maintenance raised by the prairie provinces. The costs to communities created by the loss of rail access and increased statutory freight rates were a significant aspect to considering the wider context of rail costs as well as the shared public benefits, or public good. The SWP along with Alberta Wheat Pool and Manitoba Pool Elevators demonstrated the confluence of this debate as

³¹ Carl Snavelly quoted in “Snavelly rail commission to seek public input,” *Western Producer* 18 September 1975.

³² Snavelly Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:10; The number of hearing days for the Hall Commission are not given as a sum total but rather broken into types of hearings though for the final hearings only a date range is given. The calculation for the total number of days uses these figures. Grain Handling and Transportation Commission [Hall], *Grain and Rail in Western Canada: The Report of the Grain Handling and Transportation Commission*, Vol. 1, Chief Commissioner Emmett Hall, (Ottawa: Queen’s Printer, 1977), 13-16.

³³ “Snavelly rail commission to seek public input,” *Western Producer*, 18 September 1975.

³⁴ “Snavelly Commission tackles rail costs,” *Western Producer*, 28 August 1975.

their farmers-members raised concerns not only about their local communities but also about how they fit into the larger handling system. Demonstrating their public unity, the Pools' joint submission emphasized that considering the context of the numerical costing data was critical since there was "no practical and economic alternative" to long-distance rail transport for moving grain.³⁵ The lack of alternatives made prairie grain farmers and their cooperative handling companies captive shippers, which put them "in a weak bargaining position" with the railways if the protection of the statutory rate was removed.³⁶ The strict regulation of the statutory rate prevented unjustly high freight costs, which leveled the inherent imbalance of market power between the railways and shippers who depended on the transportation they provided.

Yet, supporters of freight rate regulations recognized the railways needed to have revenues that allowed them to cover their costs of moving grain. They wanted the payment for these costs allocated among farmers, the railways, and the nation. Although the Pools wanted regulation to prevent the railways from setting rates to ensure their maximum profit from grain movement given the captive nature of the shippers, they accepted shippers should cover a portion of the railways' costs associated with grain movement. So even though the Pools publicly campaigned to retain the statutory rate their own submissions took a conciliatory approach that undermined their public member-supported position. By taking this position the Pools weakened their case for the retention of the statutory rate since they implicitly conceded that the current rates were too low to reasonably cover grain movement costs. United Grain Growers (UGG), the next largest grain handling company after the Pools, took a similar position. Unlike the Prairie Pools, however, UGG did not support increased government funding based on the public good of grain movement. Its emphasis on the stability of demand offsetting the lower rate provided a solution that maintained the statutory rate without requiring greater government funding. Although its submission just like other non-governmental submissions made little distinction overall between the privately-owned Canadian Pacific and the government-owned Canadian

³⁵ Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool, *Rebuttal Presentation of Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool to the Commission on the Costs of Transporting Grain by Rail in Regina, Saskatchewan, June 21 to July 3, 1976*, (Regina: n.p., 1976), 4.

³⁶ Alberta Wheat Pool, Manitoba Pool Elevators, and Saskatchewan Wheat Pool, *Rebuttal Presentation*, 5.

National, UGG did argue that CPR struggled more to cover the costs associated with grain movement due to its need for profit as a private business. Yet, given the certainty that grain would need to be shipped in the long term, UGG suggested CPR should “accept an internal rate of return on investment for grain which is lower [than]... at least some of the available competing investments, and lower than the average return available on the totality of such investments.”³⁷ Essentially the UGG suggested that CPR needed to accept a trade-off between lower immediate returns and the security of demand (and payment) for its services provided by grain movement. CPR faced no competition in grain movement on its branch lines, which assured it of continued long-term customers making grain movement a low-risk business and consistent revenue source.

The prairie provinces submitted jointly just like the Wheat Pools. Their joint submission distinguished between the public and private ownership of CNR and CPR respectively, arguing that the crown-owned CNR, just like any crown corporation, could operate at a loss if it was in the public interest.³⁸ In CNR’s case, they argued that the federal government “policy is to have [the] corporation operate at zero profit after covering the interest on its debt.”³⁹ The confusion over CNR’s role was not if its service was a public good but that the federal government’s statements to the effect CNR had to operate as a successful commercial business were at odds with the government’s own policies towards CNR’s practices.⁴⁰

For its part, CNR responded that the federal government intended it to act “as a commercially viable enterprise.”⁴¹ Commercial viability required the business to be profit-making not simply covering its costs to break even. The disconnect between emphasizing profitability over service for crown corporations and older national policies that prioritized public service is apparent in the Snavely Commission’s validation of the Provinces’ argument. It

³⁷ United Grain Growers, *Submission to the Commission on the Costs of Transporting Grain by Rail by United Grain Growers Limited*, (Regina: n.p., 21 June – 3 July 1976), 3.

³⁸ Banks et al., *Submission to the Commission on the Costs of Transporting Grain by Rail Volume I-CNR 1974*, 84.

³⁹ Banks et al., *Submission to the Commission on the Costs of Transporting Grain by Rail Volume I-CNR 1974*, 84.

⁴⁰ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:96.

⁴¹ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:97.

acknowledged the disjuncture between statements and policies but ultimately discounted the entire line of argument as “unsuitable” for the purposes of its investigations.⁴² This position served to reinforce the concerns of those parties who maintained that the Snavelly Commission was not looking at the issue broadly enough to fully appreciate the importance of the rates and the non-financial benefits of retaining them at their present levels.

Although the Provinces viewed rail transport as a public good, they acknowledged that as a private business CPR operated with different requirements and goals than CNR. Having access to CPR’s data, led the Provinces to question how it calculated its own capital costs especially in relation to grain movement. The provinces presented a more long-term and holistic alternative capital cost structure for CPR.⁴³ The important consideration for grain movement that the provinces included was that grain movement would always require CPR’s services—it could not use another type of transportation—so providing that service was “very low risk.”⁴⁴ The consistent need for grain transportation meant that any investment or maintenance related to grain movement would pay off as grain movement was a consistent revenue source. Consistent revenue benefited a private business. It also suggested that the costs of grain movement were lessened in the long-term making the current statutory rate a continuing financially feasible solution to providing grain movement as a public good. Although the Snavelly Commission agreed “the volume and nature of statutory grain traffic could make it a somewhat less risky operation” it did not use this premise in its own recommendations instead choosing to follow the costing presented by CPR.⁴⁵ Thus, it reinforced that evaluation of grain costing was purely mathematical with a focus on short-term revenue and could not consider wider long-term financial contexts.

The Provinces’ argument on calculating costs suggested lower costs for moving grain and reinforced the importance of considering the context surrounding the retention of the statutory

⁴² Snavelly Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:97.

⁴³ Banks et al., *Submission to the Commission on the Costs of Transporting Grain by Rail Volume II-CP Rail 1974*, 62-69.

⁴⁴ Banks, et al., *Submission to the Commission on the Costs of Transporting Grain by Rail Volume II-CP Rail 1974*, 67.

⁴⁵ Snavelly Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, Vol. 1:79.

rate. Despite their differentiation between the importance of profit for private CPR and not for the public CNR, they considered all other aspects of the specialized nature of grain traffic to apply to their operations equally. Yet, just like the Prairie Pools and UGG, the provinces accepted CPR's claim that "its revenues fail[ed] to cover its variable costs."⁴⁶ However, the Provinces suggested that government action based on recommendations of the Hall and Snavely Commissions would render the cost problem moot since variable costs would change as the system changed. But, if any excess cost remained, since CPR was a private business, the Provinces implicitly suggested they expected federal government payments to make up revenue shortfall but that the same payment was unnecessary for CNR since it could operate at a loss or break-even as a crown corporation.

While the Prairie Pools and the Provinces tempered their submissions with the implicit acceptance that some increase in the statutory rate might be necessary to balance railway budgets, the National Farmers Union (NFU) did not accept that the railways suffered any financial penalty from moving grain. The NFU suggested that the railways could offset any revenue shortfall, if it existed, with revenue generated by the historical grants of land and mineral titles that both railways still possessed. Similar to the Prairie Provinces' submissions, the NFU remained skeptical of the figures presented by the railways. Representing farmers' interests as captive shippers, the NFU's submission largely agreed with the Pools and the Provinces.⁴⁷ The NFU, however, was unwavering in its position that the railways performed a public good. The members of the NFU were farmers who viewed rail access as vital to the health of their farms and local communities so they suggested that the cost of moving grain by rail had to also consider the social costs of losing the railway lines for these communities. The importance of the wider context both economically and socially was the primary concern for the NFU in their submission. They argued that to see grain movement as only cost versus revenue ignored many vital factors associated with rail access not only for farmers but for the rural communities they lived, worked nearby, and depended upon for services. Thus, for the NFU, retaining the statutory rate on grain movement was a public good with widespread benefits.

⁴⁶ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, Vol. 1:78.

⁴⁷ National Farmers Union, *Submission to the Commission on the Costs of Transporting Grain by Rail*, (Regina, n.p., 21 June 1976), 6.

Although the other farm organizations involved in the Snavely Commission's Technical Committee supported retention of the statutory rate, splits began appearing in the farm community. A minority of farmers were willing to trade the statutory rate for the promise of improved transportation. The Palliser Wheat Growers Association (PWGA), for example, claimed to be "the organized voice of actual wheat growers ... not a general agricultural policy making body, nor a commercial organization, nor do we have any political ties."⁴⁸ This point was a subtle nod to the fact the PWGA was strongly opposed to the structure and collective bargaining practices of the Canadian Wheat Board. Former Saskatchewan Wheat Pool President Ted Turner suggested that Otto "Lang also sought to reduce the influence of the Saskatchewan Wheat Pool by inspiring the organization of the Palliser Wheat Growers Association."⁴⁹ He described their positions during the Crow debates as "firing the bullets that the [Winnipeg] Grain Exchange, many private grain companies, and even Lang's staff were making."⁵⁰ The PWGA's position was contrary to the majority of agricultural organizations as it supported railway network consolidation and changing the statutory rate to fully cover the costs of moving grain to port. The PWGA still argued the federal government would need to continue to cover at least part of these increased rates. Unlike the NFU, which suggested the government should cover any rate increase, the PWGA stated, "we, as responsible grain growers, should be prepared to assume a portion of the increased cost of moving export grain by rail."⁵¹ By describing themselves as "responsible" and willing to pay the PWGA aligned their position with the growing characterization of grain farming not as the "family farm" that supported both the economics and agrarian culture of the prairies but as a professionalizing business driven by market economics. Paying an increased freight rate meant the wheat farmer as a business assumed a greater responsibility for their cost of doing business rather than benefiting from government regulation or financing.

The PWGA also suggested modernizing the grain handling system by centralizing it to reduce costs. To change the system, the PWGA encouraged the development of an inland

⁴⁸ Palliser Wheat Growers Association, *Submission to the Commission on the Costs of Transporting Grain by Rail*, (Winnipeg: n.p., 1976), 1.

⁴⁹ Turner, *Beyond the Farm Gate*, 77.

⁵⁰ Turner, *Beyond the Farm Gate*, 147.

⁵¹ Palliser Wheat Growers Association, *Submission to the Commission on the Costs of Transporting Grain by Rail*, 18.

terminal system on the main rail lines. To avoid the cost of maintaining the large branch line rail and elevator network, they recommend using trucks to gather grain from surrounding areas.⁵² Not surprisingly, the group was a strong supporter of the Weyburn Inland Terminal (WIT). Its close ties to WIT are obvious from the fact that “the first \$6,000 cheque [for the WIT] was received from the government, payable to the Palliser Wheat Growers’ Association.”⁵³ Their submission reflected their support of inland terminals though it tended to use “high throughput elevators (terminals)” to frame the idea of inland terminals within the existing county elevator system.⁵⁴ The submission presented inland terminals as an effective way to not only increase the total system capacity but also increase the speed of the system thus safeguarding Canada’s reputation for reliability. The cleaning of grain at port terminals was “a bottleneck” that inland terminals could remove by cleaning grain before the railways moved it to port.⁵⁵ They argued inland cleaning would, in turn, increase the port capacity by decreasing the amount of time needed to deal with grain at port prior to loading it into ships. They also suggested the current statutory rate stifled the prairie livestock industry since rates for moving grain were lower than for livestock, which played into the belief that regulation prevented diversification of markets.

Conclusion

The Snavelly Commission approached the grain handling and transportation system by focusing only on the costs and revenues directly related to railway grain transportation without regard to the wider socioeconomic context. Its narrow scope encouraged a focus on short-term profitability. The Commission’s choice to limit its scope alienated many local participants who understood the statutory rate and its benefits within a wider system that went beyond financial calculations of railway costs. This approach combined with the implication from the federal government’s representatives that Snavelly, as an American outsider to the prairies, brought a dispassionate and objective view point to the issue of rail costing created alienation within the prairies. It strongly suggested to many prairie participants that even though they, their

⁵² Palliser Wheat Growers Association, *Submission to the Commission on the Costs of Transporting Grain by Rail*, 5-6, 8-15.

⁵³ Deana Driver, *Just a Bunch of Farmers: The Story of the Weyburn Inland Terminal, 1976-2001* (Saskatoon: Houghton Boston, 2001), 19.

⁵⁴ Palliser Wheat Growers Association, *Submission to the Commission on the Costs of Transporting Grain by Rail*, 14.

⁵⁵ Palliser Wheat Growers Association, *Submission to the Commission on the Costs of Transporting Grain by Rail*, 14.

organizations, and provincial governments understood grain movement by rail as a part of their wider economic and social construction they could not evaluate their socioeconomic situation. The emphasis on the technical nature of rail costing combined with the structure of the Commission framed it as being a discussion only for experts thus dissuading participation by individual prairie residents with the implication they were unable to fully appreciate the issues or offer constructive feedback; an approach that further alienated the Snavely Commission from the prairies.

This alienation combined with public understanding that the Snavely Commission was making costing recommendations for the Hall Commission to use in their investigations and recommendations meant that participants used their presentations to not only present their arguments on costs but to reinforce their larger positions on grain handling. Therefore, the debate around costing was not just around the mathematical approaches to adumbrating costs but also around how to understand the costs in relation to grain movement as a public good or private service. The majority of prairie participants demonstrated strong support not only for the statutory rate but for understanding them within a wider and long-term socioeconomic context that highlighted the stability of the demand for grain transportation and the benefits this stability provided for farmers, communities, and the provinces. This viewpoint rejected the short-term revenue-focused approach to grain transportation, however, the constraints imposed by the Snavely Commission's scope invalidated this understanding, thus alienating the Commission from the region it was supposed to benefit.

Chapter Six: The Hall Commission

On April 10, 1974 service ended on just over 48 kilometers of railway line between Healy and Paynton, Saskatchewan, known as the Medstead subdivision. Canadian Pacific Railway (CPR) then applied to the Canadian Transport Commission (CTC) for permission to abandon the line. The CTC held a hearing on CPR's application in the summer of 1975.

Although it had only been a year since rail traffic had stopped on this line, CPR explained that the cost to return the line to working condition was too high, especially given the anticipated low returns on this investment. Yet, local communities protested CPR's application to close the rail line. The Saskatchewan government supported them by sending Dr. H. W. Horner, the executive advisor of the Saskatchewan government's rationalization committee for grain handling and transportation, who argued that the CTC should refer the decision on closure to the Hall Commission.¹ The provincial government warned if the remaining line experienced failure or delay there was no alternative line for moving freight in the area once the Medstead subdivision closed. Thus, retaining the Medstead subdivision was important not only for grain farmers, but as an alternative route for the Prince Albert pulp mill.² In the same CTC hearing, local farmer Nick Waladchenko alleged that CPR had failed to do preventative maintenance on the line, echoing a commonly held concern that national railway companies did not do regular maintenance to reduce deterioration then ultimately cited infrastructure deterioration as a justification for line abandonment rather than doing more costly restoration.³ Instead of ruling on the fate of the Medstead subdivision the CTC "reserved its judgement" passing the final judgement on the line's abandonment to the Hall Commission.⁴ This decision was rather unusual for the CTC during that year because the federal government had designated much of the prairie rail network as safe from abandonment either until 2000 or for one year. The Medstead subdivision was part of 525 miles of railway line that had not received any such guarantees of

¹ H. W. Horner on behalf of Saskatchewan Attorney General Roy Romanow quoted in Larry Kusch, "Commission reserves decision on Medstead rail line," *Western Producer*, 28 August 1975.

² Larry Kusch, "Commission reserves decision on Medstead rail line," *Western Producer*, 28 August 1975.

³ Kusch, "Commission reserves decision on Medstead rail line," *Western Producer*, 28 August 1975.

⁴ Kusch, "Commission reserves decision on Medstead rail line," *Western Producer*, 28 August 1975.

protection, and CTC hearings on other railway lines in this category had always found in favour of abandonment.⁵

The concerns over abandonments translated into political pressure on the federal government from prairie MPs. For example, John Diefenbaker demanded confirmation no “closure on the prairies of railway lines [would occur] until the Hon. Emmett Hall Royal Commission report[ed].”⁶ For prairie residents, the Hall Commission emerged as the last chance for a community to save its rail line. Chaired by well-known lawyer Emmett Hall, the Commission provided a public forum about the grain handling system. Presentations to the Hall Commission demonstrated a common perception of the railways as a public good. Many participants understood this service as part of a long-standing promise to support the prairies’ export-oriented agricultural sector in perpetuity through the legislation of statutory freight rates creating a cost-effective railway transportation system. The Hall Commission hearings demonstrated strong public support for maintaining the statutory Crow rate. This chapter argues that the Hall Commission provided a space that allowed participants to argue in favour of the public good of railway grain transportation because its examination considered the grain handling and transportation system within a wide geographic, social, and economic context that viewed costs and benefits in the long-term.

Hearings for the Grain Handling and Transportation Commission

The wide scope of the Grain Handling and Transportation (Hall) Commission meant that it included a much greater discussion of the history of the Crow rate and the understanding of the railways’ involvement in grain movement. Due to its exhaustive approach the Federal government anticipated a longer time to completion for the Hall Commission than the Snively Commission. The Hall Commission’s structure also presented the impression that it was broader and more engaged with the public. Emmet Hall himself had a good reputation in the prairies. A noted Saskatchewan lawyer, he had previously chaired the Royal Commission on Health Services, which recommended extending and expanding the Saskatchewan Medicare model to all Canadians.⁷ Not only was he well-known and regarded for his legal work but Hall had

⁵ Kusch, “Commission reserves decision on Medstead rail line,” *Western Producer*, 28 August 1975.

⁶ Canada, Parliament, *House of Commons Debates*, 30th Parl, 1st Sess, vol. 7 (15 July 1975), 7567.

⁷ For future discussion Hall’s life see Dennis Gruending, *Emmett Hall: Establishment Radical* (Toronto: Fitzhenry and Whiteside, 2005); Frederick Vaughan, *Aggressive in Pursuit:*

experience with the problems of grain handling and transportation. The federal government had appointed him the sole arbitrator to deal with a strike by railway workers in 1973.⁸ He ruled on the arbitration 9 December 1974, and it was only four months later that he became the head of the Grain Handling and Transportation Commission. Unlike the Snavely Commission, in addition to Chief Commissioner Emmett Hall, there were additional commissioners to provide representation for each Prairie Province; highlighting the significance of grain and freight rates to Saskatchewan, it had two commissioners.⁹ Having these commissioners encouraged the perception that prairie people, who understood the nuances of grain handling and transportation from an insider's perspective, formed the Hall Commission; prairie participants expected they would investigate and present prairie-based solutions.

Supporting this perception, the federal government's mandate for the Hall Commission encouraged it to hold public hearings. These hearings allowed people and organizations to voice their concerns over increasing rail line abandonment and elevator closure across the prairies. It gave them a space to present their visions of how to improve the grain handling system. The Commission emphasized it intended "to give everybody concerned the opportunity to express their views and to present arguments with regard to the matters under study."¹⁰ Yet, hearing every individual's concerns presented a challenge as the Commission was working to a deadline. Hall recommended that communities work together to make a joint submission rather than each community submitting their own individual brief on the same railway line. The community cooperation recommendation implicitly encouraged people to self-limit their individual participation by working cooperatively. Encouraging community cooperation acknowledged that many prairie participants viewed communities' futures as inexorably tied to rail access. It also

The Life of Justice Emmett Hall, (Toronto: University of Toronto Press for Osgoode Society for Canadian Legal History, 2004).

⁸ For an overview of Hall's work as an arbitrator in this dispute, see Vaughan, *Aggressive in Pursuit*, 232-234.

⁹ Reg Forbes, of the Agricultural Extension Centre at Brandon, represented Manitoba while Reinhold Lehr, a farmer/rancher from Medicine Hat represented Alberta. Saskatchewan's representatives were Lloyd Stewart a "grain farmer" from Rockglen and Robert Cowan a "commercial grain and pedigreed seed producer" in Rosetown. In contrast with the Hall Commission report the biography for the commissioners that went with the press release gave Stewart's location as Strathallen, which was a smaller by nearby community to Rockglen. "Regional Inquiry Commissioners Announced," News Release, Ottawa, 13 May 1975.

¹⁰ Grain Handling and Transportation Commission [Hall], *Grain and Rail in Western Canada: The Report of the Grain Handling and Transportation Commission*, vol. 1, Chief Commissioner Emmett Hall, (Ottawa: Queen's Printer, 1977), 9.

presented the Hall Commission as being aware of the links between communities and rail, thus, reinforcing the impression that the Hall Commission understood the prairies.

Prairie communities viewed railway lines as critical components to their survival, both economically and socially. Hall suggested that with cooperative submissions “hopefully the emotional element can be kept to a minimum,” which recognized the deep concerns of prairie residents about the consequences of abandonment but emphasized that the Commission expected presentations to be dispassionate.¹¹ Despite this caution the Hall Commission, unlike the Snavely Commission, actively worked to encourage community submissions rather than emphasizing the topic required specialized knowledge to assess. Prior to its official hearings, the Hall Commission’s staff held meetings to inform individuals and communities how the process worked and provide background information, mainly about past investigations into freight rates and the historical context of the Crow rate. These information meetings, held with help from the prairie provincial governments, targeted areas near Category B lines, since the Hall Commission had to recommend either abandonment or retention for each line. Providing ample opportunities to make presentations to the commission was way to prevent objections when the commission inevitably recommended abandonment of some of the lines. Hall’s invitation for communities to work together to create submissions was taken to heart as Commissioner Cowan noted during private hearings with Canadian Pacific Railway “we’ve got save the rail committees springing up all over, a thousand over a thousand signatures on a petition; the save the rail committees organized all up and down the line.”¹² The proliferation of these committees demonstrated the level of investment in the issue across the prairies.

With the most miles of rail line and largest number of elevators, any change to the grain handling system had significant implications for Saskatchewan. Therefore, Allan Blakeney’s NDP provincial government was heavily involved in issues surrounding the grain handling system. It devoted significant financial and personnel resources to the Commissions because any change to the grain handling system affected agriculture, which was economically “dominant”

¹¹ “Hall commission encouraging stand by communities during rail hearings,” *Western Producer*, 3 July 1975.

¹² Grain Handling and Transportation Commission [Hall], *Transcript of Private Hearing: C. P. Rail* (21 August 1975), 35. LAC RG 33-111-1 File “Library – CPR.”

for the province.¹³ Indeed, the government argued that the importance of agriculture reflected the fact that “Saskatchewan [was] a still a very young province.”¹⁴ To remove either branch lines or the statutory Crow rate would negatively impact its development, which was still recovering from “the trauma of the thirties.”¹⁵ Rail transportation, while historically important, remained an underused “means of encouraging regional development.”¹⁶ Thus, the Saskatchewan government saw railway service “in the context of a public utility” that provided a needed service. For Saskatchewan, the railways provided efficient and cost-effective transportation services to move products, from grain to potash, long distances to reach buyers outside the region.¹⁷ This long-distance transportation was critical to Saskatchewan’s economic growth. Therefore, the province argued that railways “cannot be looked upon as just another business governed entirely by profit and loss.”¹⁸ Building from the historical promise of the National Policy’s goal to improve the region, the Saskatchewan government argued that profit had to be secondary to social development.¹⁹ This view drew on the province’s history of creating crown corporations, such as power and telephone utilities, that based their decisions on the benefits of social development rather than prioritizing financial profit.²⁰

Since the railways provided a public good, it followed that the statutory Crow rate was also a good public good. Reinforcing that the issues were nationally important, not just effecting farmers and their communities, the Saskatchewan government argued that Canada as whole benefited financially from “grain exports... [as they] are one of Canada’s major earners of foreign exchange.”²¹ Grain production was not for the local market but instead gave Canada a strong presence in the international market. The importance of grain sales as a revenue generator and an avenue for diplomacy, demonstrated by food aid programs and ongoing the sales to China, made the statutory rate a national rather than regional issue. Removal of the statutory rate

¹³ Government of Saskatchewan, *Submission to the Grain Handling and Transportation Commission: Global Brief October 21, 1975*, (Regina: Government of Saskatchewan, 1975), 1. LAC file RG 33-111-1

¹⁴ Government of Saskatchewan, *Global Brief October 21, 1975*, 14.

¹⁵ Government of Saskatchewan, *Global Brief October 21, 1975*, 14.

¹⁶ Government of Saskatchewan, *Global Brief October 21, 1975*, 2.

¹⁷ Government of Saskatchewan, *Global Brief October 21, 1975*, 2.

¹⁸ Hall Commission, *Transcript of Public Hearing: Province of Saskatchewan* (21 October 1975), 5. LAC file RG 33-111-1.

¹⁹ Hall Commission, *Transcript of Public Hearing: Province of Saskatchewan*, 10.

²⁰ Hall Commission, *Transcript of Public Hearing: Province of Saskatchewan*, 9-11.

²¹ Government of Saskatchewan, *Global Brief October 21, 1975*, 3.

reduced prairie farmers' ability "to compete with subsidized production in other countries."²² Making this argument not only positioned grain movement as a public and national good but also showed Saskatchewan as being important within confederation.

In addition to the Saskatchewan Government's own submission, its Advisory Council on Transportation also presented its vision for the grain handling system to the Hall Commission. The Council, chaired by University of Saskatchewan professor Harold Baker comprised a wide-array of participants with interests related to transportation and agriculture. Reflecting the importance of transportation to agriculture the Council had representatives from the Saskatchewan Federation of Agriculture (SFA), the National Farmers Union (NFU), and the Saskatchewan Wheat Pool (SWP).²³ The agricultural organizations represented a variety of positions, as SFA was relatively moderate in its policy positions while the NFU tended to take a less compromising approach that prioritized farmers above all other interests in the agricultural industry. The SWP prioritized farmers but was willing to work with other interests to find compromises. Representatives from the Saskatchewan Association of Rural Municipalities (SARM), Saskatchewan Chamber of Commerce, Saskatchewan Urban Municipalities Association, and the Brotherhood of Locomotive Engineers showed the importance of transportation and export-orientated agriculture to the Saskatchewan economy, both directly through farm-gate receipts and indirectly.²⁴ The members of the Advisory Council provided a cross section of agricultural and community interests combined with expertise in relevant areas. These groups all supported—to various degrees—retention of the statutory rate and the decentralized elevator network. In addition to their involvement in the Advisory Council on Transportation, the majority of the organizations made their own submissions to the Hall Commission and some, like the SWP, NFU and SARM, encouraged individual members to make their own presentations as well. Therefore, the Advisory Council supported the Saskatchewan government's position while demonstrating widespread support from provincial organizations.

It is instructive to examine the submission by the Advisory Council on Transportation as it presents a detailed theoretical approach to understand the rail network as public good and its

²² Government of Saskatchewan, *Global Brief October 21, 1975*, 2.

²³ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, (Regina: n. p, 1976), iii.

²⁴ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, iii.

members echoed many of these approaches in their own submissions. Thus, the Advisory Council on Transportation submission presents a broad-based consensus view on the issues of the statutory rate, branch line abandonment, and elevator closure. Individual submissions echoed this consensus view but revised it to align with their organizations' policies.

Much of the Advisory Council on Transportation's submission focused on the railways' services in relation to communities and people using them. To evaluate each rail line they used six criteria, which included not only financial aspects and usage but also community aspects to anticipate the effects of line abandonment on communities particularly "small communities" where their activities focused around agriculture.²⁵ Their analysis and recommendations made three assumptions that demonstrate they viewed the railways' as a regulated public good that needed to remain as such. They assumed first the Crow would remain intact; second, that government would fund rehabilitation and upgrading of railway lines; and third, regulation stemming from Commission recommendations would solve problems such as the slow car turnaround times at the port of Vancouver, outside of Saskatchewan.²⁶ The first two assumptions in particular highlight that the Advisory Council viewed the federal government as having and continuing to have an active role in both planning and financing the railway network. This assumption of government involvement rested on understanding the railways as providers of a public good not simply as private for-profit services. The third assumption demonstrates the Council anticipated government legislation to solve problems rather than relying on solutions to come from the actions of private businesses. Since the government of Saskatchewan did not support the end of the Crow rate because doing so would be detrimental to Saskatchewan farmers and communities, it is not surprising the Advisory Council also took this position.

²⁵ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, viii.

Of the six criteria, four focused on economic aspects and two on social factors. The economic factors were: "the number of bushels of grain delivered to the line per mile of track; the estimated amount of additional truck haul per mile of track; the estimated average added cost of trucking per bushel of grain; and the relationship of the railways on line costs (a three-year average) to the estimated additional cost of trucking grain. The social factors were: "the number of permit holders (1973-74) per mile of track ...[and] the number and size of communities on the line." Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, ii.

²⁶ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 2.

However, by assuming the Crow rate would remain it assumed continued government involvement.

The Advisory Council presented a public good focused approach to the revision of the rail network that required heavy government involvement including the nationalization of the railway line roadbeds.²⁷ The structure of the rail system was unique compared to other transportation services; railways paid for the creation and maintenance of their tracks whereas the trucking industry used publicly-funded roads. To provide fairness across the transportation sector the Advisory Council proposed nationalizing the rail beds, which effectively meant the federal government owned the railway tracks. The Advisory Council argued that historically the private railway companies had not created an efficient system but two inefficient competing rail networks with “duplications in service, roundabout or backhauls, and crosshauls [sic],” which meant there were tracks serving overlapping areas.²⁸ Nationalized rail beds would create a unified national rail system so that the railways had access to all the tracks rather than just their own lines. Government-owned tracks provided better access without the competition risks embedded in negotiations solely between the railways for access to each other’s tracks. Federal ownership created the equivalent of publicly-funded roads so that CPR and CNR would compete “on the basis of operating efficiency.”²⁹

The Advisory Council linked the nationalization of rail beds with “operating efficiency” to make the case for the benefit of public ownership of transportation infrastructure combined with private business access to it.³⁰ Open access to the full network and removal of maintenance costs for it, would allow the railways to make decisions that would maximize the efficient and effective movement of their trains through the system. The federal government’s nationalization of railways to create Canadian National Railways had not solved the system problem because CNR operated within the competitive environment created by the early private railway companies. Therefore, the Advisory Council argued the “merger or nationalization or

²⁷ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 4.

²⁸ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, vi, xv.

²⁹ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 3.

³⁰ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 3.

government ownership of [railway] roadbeds may be the only way that a truly rational rail system can be developed.”³¹ This position demonstrated that not only did they see grain movement as a public good but they considered railway services themselves to be a public good requiring the railways to operate in a similar fashion to other forms of transportation—on government-funded infrastructure.

Furthermore, a nationalized rail network effectively removed CPR and CNR’s economic argument for abandoning branch lines that saw little traffic; low traffic did not generate enough revenue to make a line profitable when viewed in the short-term profit-driven business context. Not only was the economic argument for abandonment removed but it also removed the ongoing problem of branch “lines [that] have not been properly maintained” even though the government provided compensation to the railways to offset their claimed losses from maintenance.³² Instead of paying the railways for maintaining the rail network, the federal government would directly pay the costs of maintaining the railway line network. This proposal made the railway lines a public good without the intermediary of having them provided by business. Just as government-maintained roads provided equitable access for small towns so too would rail access be if the federal government owned the tracks.

The Advisory Council’s proposal for the nationalization of private assets was radical, especially with the Cold War and the threat of Communism still looming. Therefore, the Advisory Council framed their proposal as resolving historical structural problems and emphasized they had not “explore[d] the ramifications of such solutions.”³³ So although they proposed actions they also undermined and thereby postponed these actions by suggesting the actions required more study before their implementation.

Nationalization was unlikely given the increasing political concerns over government debt and reluctance for increased government regulation and involvement in the private-sector. Recognizing this fact, the Advisory Council also made detailed recommendations for how to improve the railway network under its contemporary ownership model to promote the public

³¹ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 4.

³² Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 152.

³³ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 4.

good. Reaffirming that private business was inefficient, it recommended transferring ownership of some lines to allow both railways to move railcars more directly through their respective systems.³⁴ Regulation and government involvement was key to changing the railway network, but it recommended using a triage approach where the CTC ruled on abandonment of uncontroversial lines, while the Hall Commission decided controversial ones.³⁵ This approach recognized that an important aspect of the Hall Commission was it allowed people to feel included within the decision making process. Active involvement meant farmers and affected communities would learn the nuances of why their line was under consideration for abandonment; so, they would not view abandonment as making them sacrifice while the railways did not also have to sacrifice to improve the system.³⁶ It was a way to reduce the perception that railway network policy sacrificed public needs for private benefits.

How railway line abandonment would affect communities was an important issue for many prairie participants who viewed the railway lines as an integral part of maintaining communities' economic and social viability. The Hall Commission provided a forum where participants could argue the effects of abandonment in terms of the region rather than the individualized arguments about specific lines presented during CTC abandonment hearings. The Hall Commission's wide scope meant it would consider the consequences to communities. Thus, it was important for participants supporting the public good of the statutory rate and the decentralized rail network to prove how it reached beyond grain movement to benefit communities.

While there was considerable anecdotal evidence for the negative consequences of abandonment, the Saskatchewan Government found "little concrete and systematic evidence" to support the argument that rail line abandonment was detrimental to rural communities.³⁷ Undermining the argument that communities needed rail access to survive, the studies done by J. C. Stabler and Gerald Hodge both concluded that abandonment had little consequence for

³⁴ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, xv.

³⁵ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 4-5.

³⁶ Saskatchewan Advisory Council on Transportation, *Submission to the Grain Handling and Transportation Commission*, 8.

³⁷ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Community Impact of Railline Abandonment 1975-1976: Summary Report*, (Regina, n.p., 1976), 3.

communities.³⁸ Therefore, CPR argued, using the Stabler and Hodge studies, the community impact was of minimal importance when considering abandonment. Yet, the Saskatchewan Government and many farmers and other rural residents argued the opposite but lacked an expert study to move their arguments beyond anecdotal evidence. To solve this problem the Saskatchewan Government hired the University of Regina's Sample Survey and Data Bank Unit to study the question. In addition to providing a wide-survey of Saskatchewan communities and their relationships with rail lines, its study, *Community Impact of Railline Abandonment*, served to vigorously refute the Hodge and Stabler studies.³⁹ Beyond specific critiques of their methods, they argued that both Hodge and Stabler did not ground the theories they used in the reality of the prairies' situation.⁴⁰ This argument reinforced the idea that the prairies were unique and difficult to understand for people from elsewhere, which played up the regional differences of Canada and the alienation of prairie people from other parts of the country. Additionally, the Stabler study was prepared for the Grains Group so refuting it put the Saskatchewan government, through its acceptance of the *Community Impact of Railline Abandonment* study, in direct opposition to the federal government's Grain Groups, which had put forward policy on the grain handling system prior to the calling of the Snavely and Hall Commissions.

The *Community Impact of Railline Abandonment* study argued that the relationship between prairie communities, railway lines, and grain movement was complex; therefore, it was difficult to make generalized predictions about future effects. This position reinforced the

³⁸ The two studies discussed in the report are: Gerald Hodge, "Branchline Abandonment: Death Knell for Prairie Towns?" *Canadian Journal of Agricultural Economics* 16, no. 1 (1968): 54-70; J. C. Stabler, *Economic Effects of Rationalization of the Grain Handling and Transportation System on Prairie Communities*, prepared by Underwood, McLellan and Associates, Ltd., (Ottawa: Grains Group, 1972). The earlier study by Hodge is Gerald Hodge, "The Prediction of Trade Centre Viability in the Great Plains," *The Regional Science Association Papers*, 15 (1965): 87-115.; Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 7.

³⁹ They pointed to fundamentally flawed statistical processes (especially in Hodge's case); failure to contextualize the communities investigated in the studies; and lack of examination of the wider social and economic contexts in which changes to branch lines occurred. The report also implied that Hodge's work lacked critical rigor since he had concluded in an earlier study railway line abandonment had a negative and measurable effect on communities; yet in his more recent study, "Hodge made no attempt to explain or reconcile the very different conclusions of his two works." Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 13.

⁴⁰ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 8-17.

premise that the link between grain handling and prairie communities was unique. Approaches and experts drawn from outside the prairies, therefore, lacked the necessary place-based understanding and encouraged western alienation when non-prairie-rooted experts explained grain handling. To that end, the *Community Impact of Railline Abandonment* study took a micro-scale approach to understanding what railway branch lines, especially in their capacity as grain lines, meant to these communities at both social and economic levels. They chose twenty-six communities to represent 124 communities of at least 100 people on branch lines threatened with abandonment.⁴¹ Reinforcing the premise that prairie residents understood the issues of their communities best, the study emphasized their voices in its report. The study's use of questionnaires and interviews with individuals and businesses including "local residents who enjoyed reputations as community historians" allowed community participation.⁴² The study also empowered these communities to participate in the Hall Commission themselves because each community received a detailed breakdown of the surveys and interviews that showcased what abandonment of branch lines would mean based on their community data.⁴³ Additionally, the study presented community members as valid experts who collaborated with researchers rather than as merely concerned citizens.

Community members, businesses, and organizations consistently anticipated effects of abandonment based on their understandings of the historical roots of the community's development.⁴⁴ Their emphasis on the importance of rail line access supported the Saskatchewan government's position that because of their active involvement with building communities, the railways had a continuing "obligation" to provide service to them.⁴⁵ Additionally, when agriculture was the primary driver of an area's economy the communities in it anticipated railway line abandonment to have negative economic and social consequences for their continued success. For example, Edam, which was located just over 60 kilometers north-west of

⁴¹ Outside the scope of their criteria were another 250 potentially impacted communities but time constraints prevented them from engaging these communities. Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 2, 78.

⁴² Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary of Survey Results for the Community of Waldheim: The Study of the Community Impact of Railline Abandonment 1975-1976*, (Regina, n.p., 1976), 5.

⁴³ "Hall commission hearing dates set," *Western Producer*, 11 September 1975.

⁴⁴ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 82.

⁴⁵ Government of Saskatchewan, *Global Brief October 21, 1975*, 9

North Battleford, was entirely dependent on serving the local agricultural community; thus, residents considered “abandonment as a serious threat to Edam’s viability.”⁴⁶ The decline of economic growth in conjunction with the reduction of rail service reinforced the importance of rail service to communities like Edam.⁴⁷ The study supported the contention of Saskatchewan rural residents, farmers, their organizations, and the provincial government that rail access was vital for economic growth especially in communities heavily dependent on agriculture or without access to good roads and larger population centres.⁴⁸ The *Community Impact of Railline Abandonment* concluded branch line abandonment and its associated job losses had wide spread consequences that “far exceed[ed]” the measure of the direct losses to the point where “previous studies ... dramatically under-estimated the possible economic and social consequences.”⁴⁹ At the core, the study’s findings supported the premise that railway service was a public good for maintaining communities, especially smaller and more isolated ones. This study effectively

⁴⁶ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary of Survey Results for the Community of Edam: The Study of the Community Impact of Railline Abandonment 1975-1976*, (Regina, n.p., 1976), 13.

⁴⁷ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary of Survey Results for the Community of Edam*, 12.

⁴⁸ For example, the report suggested after rail line abandonment a few communities had the potential to continue as “bed room” communities for larger towns. If that transition occurred, the report expected it to lessen the negative consequences of abandonment. For example, Waldheim was close to Saskatoon so it had become a “bed room” community for the city and the proximity had allowed the community to attract “small scale industry.” Future development of other industries or, in the case of Mankota, a national park might mitigate the negative consequences of abandonment. The speculative nature of these developments, however, led the report to discuss their potential effects very cautiously. This caution discouraged the consideration of these speculative future developments in relation to supporting or opposing a branch line abandonment. Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary of Survey Results for the Community of Waldheim*, 13; Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary of Survey Results for the Community of Mankota: The Study of the Community Impact of Railline Abandonment 1975-1976* (Regina, n.p., 1976), 13

The national park near Mankota was Grasslands National Park, which was in the early stages of development with public consultations happening during 1976. The Saskatchewan government and the Federal government signed the agreement establishing the park in 1981. Parks Canada, “Grasslands National Park: History,” *Parks Canada*, accessed 30 November 2018, https://www.pc.gc.ca/en/pn-np/sk/grasslands/culture/histoire_du_parc-park_history

⁴⁹ Transportation Agency of Saskatchewan and University of Regina Sample Survey and Data Bank Unit, *Summary Report*, 82.

supported the idea that abandonment had a deleterious effect both economically and socially on communities, which was an ongoing concern for Saskatchewan community members.

Many communities, including the ones in the *Community Impact of Railline Abandonment* study, had strong connections to the Saskatchewan Wheat Pool through community members being members of the SWP and, in most cases, through the SWP's local elevators. Thus, when the SWP presented its submissions to the Hall Commission it emphasized that it played a dual role; it was a commercial business cooperative but also a farmer-owned democratic organization with a mandate from its members to comment on policy "affect[ing] the economic and social well-being of farm families."⁵⁰ The SWP's submission made it clear the railways were an integral part of not just grain handling and transportation but prairie communities so it was therefore impossible to evaluate them only on the basis of profits. Indeed, the Retail Merchants Association of Saskatchewan argued that rail branch lines supported Saskatchewan's small and decentralized communities that had grown from the historic decisions of railways and grain companies to create a highly decentralized grain handling system.⁵¹ The Association not only advocated maintaining the statutory rate for the benefits it brought to communities but encouraged its expansion to cover a variety of industry and building supplies as well as fruits and vegetables so that their members would benefit from it directly.⁵² Although they supported businesses' right to make their own decisions, the importance of railways to communities was too great to allow unregulated decision making.

The SWP argued that government regulation was critical to maintaining a rail network for the public good. In particular, the unique position of the railways within the prairie export-grain economy required regulation since without it the railways had too much power over captive shippers. The SWP illustrated this point by explaining that consolidating the system was an ongoing process and one that depended on the railways' decisions about branch lines. The goal of consolidation was "to speed up handing of grain."⁵³ But, the SWP argued the railways drove

⁵⁰ Saskatchewan Wheat Pool, *Submission by Saskatchewan Wheat Pool to the Commission of Grain Handling and Transportation* (Regina: Saskatchewan Wheat Pool, 22 October 1975), 1.

⁵¹ Retail Merchants Association of Saskatchewan, *Brief to Grain Handling and Transportation Commission* (Regina: n.p., 1975), 3.

⁵² Retail Merchants Association of Saskatchewan, *Brief to Grain Handling and Transportation Commission*, 45.

⁵³ Saskatchewan Wheat Pool, *Submission by Saskatchewan Wheat Pool to the Commission of Grain Handling and Transportation*, 2.

this consolidation since they were unwilling of maintain and upgrade railway tracks. Improving the total system efficiency, however, required government to rationalize it as if it was a single network so competition between CNR and CPR would not create inefficiencies of movement within the system. The competition between the railways as profit-driven businesses meant they could not improve the system as if it was a single network even though the SWP emphasized that doing so would “eliminate bottlenecks... imped[ing] the movement of Canadian goods to export ports, and endanger[ing] Canada’s reputation as a reliable supplier.”⁵⁴ Consequently, the nation would benefit, which reflected the idea that active government regulation was need to maintain the railway network in the public good.

The National Farmers Union supported government regulation in the public good but suggested that current regulation did not go far enough to protect the public good of rail transportation. It argued that questions surrounding the future of transportation “[were] too important to permit private corporations to resolve in an ad hoc manner in their own economic self interests.”⁵⁵ Not only did it criticize the railways for being unable to consider the betterment of the system because of their focus on profit but it suggested the CTC allowed the railways to get away with this profit-driven decision making. The NFU suggested the railways were actively working to create a situation that would make farmers “resigned” to trading away the statutory rate for better grain movement.⁵⁶ These actions were possible because the CTC lacked political and legal will to prevent the railways creating conditions (especially lack of maintenance and lack of service) that made branch line abandonment necessary. In effect, the NFU argued the railways “appear obviously to be more powerful than governments, Commissions, or their regulations” in the prairies.⁵⁷ To support this position the NFU members documented instances where the railways had provided slow service or no service for grain movement even during times when the CWB called for more grain deliveries.⁵⁸ This position combined with the survey

⁵⁴ Saskatchewan Wheat Pool, *Analysis of Category 2 Rail Lines in Saskatchewan* (Regina: Saskatchewan Wheat Pool, 22 October 1975), 1.

⁵⁵ National Farmers Union, *Submission to the Grain Handlings and Transportation Commission*, (Regina, 23 October 1975), 2. LAC file RG 33-111-1.

⁵⁶ National Farmers Union, *Submission to the Grain Handlings and Transportation Commission*, 9.

⁵⁷ National Farmers Union, *Submission to the Grain Handlings and Transportation Commission*, 8.

⁵⁸ National Farmers Union, *Submission to the Grain Handlings and Transportation Commission*, Appendix A and Appendix B.

result demonstrated not only a deep distrust of the railways but also a lack of confidence in the federal government to support the interests of prairie farmers by enforcing regulations of the railways in the public good.

Reflecting their strong commitment to policies in the public interest, the NFU's submission took the nationalization of railbeds called for by the Advisory Committee on Transportation one step further by suggesting the nationalization of both railways. Although CNR was government owned, it did not function for the public interest. As NFU President Roy Atkinson explained CNR was "really a private system that has been brought under public management without really changing the objective or the original intent."⁵⁹ Combining CNR and CPR into one nationalized railway that prioritized public good over profits was the ideal solution because it was easier to administer and improve efficiencies, which encouraged greater movement of freight by rail.⁶⁰ The NFU argued that enacting policies that encouraged consolidation of railway networks and the building of inland terminals, like WIT, broke the historic promises of the national policy and railway policies that encouraged dispersed settlement. They saw inland terminals as creating more costs than benefits for farmers and their communities while lowering costs for the railways.⁶¹ The Retail Merchants Association shared their concern as it felt inland terminals negatively affected communities as the inland terminals encouraged consolidation of the elevator network leaving communities at risk of losing their local elevators and their associated agents.⁶² Their members would see decreased revenue as the extra costs associated with transporting grain to inland terminals distant from the local community decreased farmers' disposable income.⁶³ The NFU's proposal prioritized a system that benefited farmers first and minimized their costs. It rejected the idea that government should be regulate the railways like strictly private businesses when their services provided an essential public good.

⁵⁹ Hall Commission, *Transcript of Public Hearing: National Farmers Union* (23 October 1975), 39. LAC file RG 33-111-1.

⁶⁰ Hall Commission, *Transcript of Public Hearing: National Farmers Union* (23 October 1975), 43-45.

⁶¹ National Farmers Union, *Submission to the Grain Handlings and Transportation Commission*, 20.

⁶² Retail Merchants Association of Saskatchewan, *Brief to Grain Handing and Transportation Commission*, 58.

⁶³ Retail Merchants Association of Saskatchewan, *Brief to Grain Handing and Transportation Commission*, 23-24, 38.

These submissions demonstrated an understanding of the railways as providing a valuable and nationally-important public good making railways different from other private businesses. The submissions used the national policy and the historical roots of the statutory rate to present the grain handling system as part of a promise to the prairie region that allowed it to be a valuable part of Canadian confederation by giving Canada an in-demand tradable commodity, which provided both national revenue and diplomatic benefits. Many submissions to the Hall Commission emphasized the historic importance of the development of export-oriented agriculture to the prairies and often to Canada as a nation. Participants argued the unique historical importance of grain and its relationship to the development of agricultural settlement in the prairies meant grain deserved different considerations than other types of high-volume low-value freight. Due to its unique place with the prairie region and the benefits export-grain brought to the Canadian economy, these submissions encouraged strong government intervention in and regulation of the railways rather than treating railways as simply any other private profit-driven business.

Even CPR and CNR acknowledged the historical importance and unique place of grain freight in their submissions despite opposing revisions to the rail network that favoured maintaining the statutory rate. CNR noted that the great distance between the prairies and the ports as compared to other grain exporting nations was a contributing factor in the shipment of grain and when combined with the Crow rate that made grain shippers unique from other Canadian shippers.⁶⁴ Although it was a crown corporation CNR's submission, much like its submission to the Snavely Commission, clearly demonstrated that its decisions built from the premise it was a profit-driven business. Although CNR characterized its own rail network as "an amalgamation, without benefit of rationalization" it did not support the idea of considering the rail network as a single system.⁶⁵ It was very cautious of any switching of track ownership with CPR to improve the efficiencies of their networks unless the switches were done through "reasonable" sales or exchanges.⁶⁶ Its focus on the market value of its track demonstrates its

⁶⁴ Canadian National Railways, *Initial Submission of Canadian National Railways to the Grain Handling and Transportation Commission* (August 1975), 2. LAC file RG 33-111-1 subfolder "Library – CNR."

⁶⁵ Canadian National Railways, *Initial Submission of Canadian National Railways to the Grain Handling and Transportation Commission*, 4.

⁶⁶ Canadian National Railways, *Initial Submission of Canadian National Railways to the Grain Handling and Transportation Commission*, 9.

position as a profit-making company rather than a company operating for the public good of Canadians. Adopting a position at odds with its public ownership status, CNR described itself as “a business corporation” that considered “the total overall cost per bushel” to be the best measure for grain handling.⁶⁷ This measure did not consider grain movement within the wider context of community benefits and other aspects of the public good argument.

During private hearings before the Hall Commission, CNR presented a plan for the modernization of the grain handling system that prioritized business profits and promoted efficiency through increasing the scale of the handling system. CNR’s Vice-President A. R. Williams summarized CNR’s position on the complicated question of branch line abandonment, elevator network consolidation, and the statutory rate:

The most important factor to be considered in determining what branch lines are needed is the revenues the railways will receive from carrying grain...The next important factor is the elevator system. There is no point in having a branch line to carry grain if there are no elevators on it.⁶⁸

CNR wanted to increase the size elevators while reducing the total number of elevators because as Williams explained “the most efficient thing would be to us to go to one point and pick up a solid train of grain and take it to an export.”⁶⁹ Since having a full train assembled at one point was, Williams admitted, “not possible”⁷⁰ then the best alternative was to change the handling system to be as close to single point to point movement as possible; thus requiring elevator consolidation which affected rural communities. This goal encouraged the downloading of costs onto grain companies (building larger elevators), farmers (transportation costs to the elevators), and municipalities (road upgrading and maintenance). In addition to removing these costs, CNR also wanted the complete removal of the statutory rate. Indeed, CNR’s President Robert Bandeen told the Commission publicly that if the Crow rate remained CNR “could be in a worst

⁶⁷ Canadian National Railways, *Initial Submission of Canadian National Railways to the Grain Handling and Transportation Commission*, 16-17.

⁶⁸ It is interesting to note that the emphasis on elevators ignored the potential that farmers had to exercise their right to load a producer car on railway lines without elevator service. This focus on elevator demonstrates the limited use of producer cars during this time period.

Canadian National Railways, *Presentation by A. R. Williams Vice-President, Prairie Region, Canadian National to the Grain Handling and Transportation Commission, Saskatoon, Sask.* (15 October 1975), 19-20.

⁶⁹ Hall Commission, *Transcript of Private Hearing: C. N. Rail* (22 August 1975), 70-71. LAC file RG 33-111-1

⁷⁰ Hall Commission, *Transcript of Private Hearing: C. N. Rail*, 70-71.

bind than we are now.”⁷¹ The federal payments that CNR received to offset the current Crow rate were too low to significantly touch their costs and CNR argued these payments were a subsidy. CNR believed that subsidies should be temporary so the best course of action was to reduce costs borne by the railways through rationalizing the rail and elevator networks in their favour.⁷²

Although the SWP and the NFU had both argued that elevator closures followed the lead of the railway companies, Williams claimed privately to the Hall Commission that “it is only when the elevators abandon the rail line and leave it dead that we are allowed to give the rusty remains a decent burial. The railways are then accused of having a callous disregard for the interests of farmers and local communities when, in fact, the railways are the last to leave.”⁷³ Williams was suggesting that despite the power imbalance between elevators as captive shippers and the railways, it was actually the elevators that wielded the most power. Given the difficulties with receiving grain cars and efficient grain movement by the railways as well as issues with maintaining the railway’s rolling stock Williams’ claim was strongly at odds with the experience of prairie farmers and their cooperative handling system. Further contradicting his position that CNR only abandoned lines after elevators closed, he warned that since the federal payment offsetting the Crow rate did not cover CNR’s costs for maintenance or improvements “some lines have to be removed from service.”⁷⁴

The statements made in CNR’s private hearings demonstrate clearly that it sought to act as a private profit-making business and aligned its interests not with those of the Canadian public but with Canadian Pacific Railway. Yet, being a crown corporation CNR was also sensitive to appearing uncaring about the public good of its services. As Williams told the Hall Commission during “the forthcoming regional hearings, we expect to hear some unflattering comments as to the way our railway is operated ... we can take criticism, but let it be constructive and intelligent criticism rather than unreasoning emotional outbursts based on misconceptions of the facts.”⁷⁵ Putting forward this idea in private prior to the full public hearings allowed CNR, through Williams, to reinforce the idea that while many people could comment on railways there were

⁷¹ Hall Commission, *Transcript of Public Hearing: C. N. Rail*, 41.

⁷² Hall Commission, *Transcript of Public Hearing: C. N. Rail*, 42-43.

⁷³ Canadian National Railways, *Presentation by A. R. Williams Vice-President, Prairie Region, Canadian National to the Grain Handling and Transportation Commission, Saskatoon, Sask.* (15 October 1975), 20.

⁷⁴ Canadian National Railways, *Presentation by A. R. Williams Vice-President*, 19-20.

⁷⁵ Canadian National Railways, *Presentation by A. R. Williams Vice-President*, 20-21.

few experts who understand all the nuances. It provided a way to plant doubt about criticisms of CNR and echoed the arguments put before the Snavely Commission on the specialized knowledge required to discuss railway operations. CNR's private hearings showed that it did not consider any aspect of "a modern and efficient grain handling and transportation system" to be a public good.⁷⁶ Indeed, its rejection of long-term federal compensation for grain movement and emphasis on farmers paying the full cost of the freight demonstrated CNR's internal policies were more profit-driven than either its public face or the federal government's positions.

Canadian Pacific Railway, like CNR, took a business-oriented approach to its solutions for the grain handling and system. It asserted itself as a profit-oriented business providing a service in both its public and private submission to the Hall Commission. Despite CNR being its competitor and a crown corporation, in discussing the overall structure of the rail system CPR addressed both problems and solutions without distinguishing between itself and CNR. The lack of distinction shows that both railways considered themselves as competitive businesses that shared a common goal of rationalization of the handling system and had more in common with each other than with other parties involved in the hearings. While CNR framed its submission around what it needed and how it perceived the problems, CPR began with the presumption "there [was] growing recognition" of the fact that railways were losing money by hauling grain under the statutory rate and the branch line system had fallen into deep disrepair.⁷⁷ By working from this presumption CPR ignored the fact that farmers' organizations and the prairie provincial governments questioned the railways' claims of financial losses. CPR's disregard for public opinion in its submission compared to CNR's submission demonstrates how CNR, despite acting as a profit-orientated business, was still more constrained by public opinion than CPR.

Although prairie farmers and provincial governments emphasized that rail service from CPR was part of the promise made to the prairies through the National Policy and the Crowsnest Pass Agreement, CPR did not see itself providing services for the national interest either historically or contemporaneously. Although, it did celebrate its importance in uniting Canada through transportation, acknowledging its historical importance to nation building, CPR emphasized that it played this role as a private profit-driven business; uniting Canada improved

⁷⁶ Canadian National Railways, *Presentation by A. R. Williams Vice-President*, 21.

⁷⁷ Canadian Pacific Railway, *Preliminary Position Paper of CP Rail with Respect to the Matters which are the subject of the Hall Commission* (20 August 1975), 2-3. LAC file RG 33-111-1 File "Library – CPR."

its business reach. The concerns over Canada's international reputation for reliable grain delivery demonstrated the movement of grain was, as CPR's legal advisor K. Knox explained, "really basically a problem of marketing of grain. Bringing grain to export position so that Canada keeps its position in world markets viable."⁷⁸ This position absolved CPR of the responsibility of the grain movement by implying the cause of the problem rested with the quasi-Crown Canadian Wheat Board's sales. Additionally, CPR implied with this position that it was a nationalist business that benefited Canadian grain marketing and the national interest through improving its own business interests; in short what benefited business would benefit the nation.

CPR represented itself, and by extension CNR, as the lynch-pin in the grain transportation and handling system where private business, rather than government regulation, found the most efficient and far-sighted solutions to problems. CPR's positioning of railways within the handling system is an example of how this ideology appeared in debates around rationalizing the system. CPR argued that because rail movement underpinned the export grain trade no other actor in the system had any incentive to improve unless the railways made improvements first. Therefore, the railways were the component most focused on long-term planning to improve the overall system.⁷⁹ Just as they had at past commissions and in the press, CPR identified the primary problem with grain handling as the low statutory freight rate and too much regulation. It argued that if the federal government would remove the statutory rate and reduce regulations to allow "flexibility" then it would create conditions so that all parts of the system "should be self-sufficient."⁸⁰ Interestingly, despite emphasizing its focus on private profit, CPR took a softer approach to government assistance. Although CPR wanted an end to the statutory rate so that revenue from grain movement would increase to fully cover the associated costs, CPR President F. S. Burbidge suggested that position was not to imply "producers should necessarily bear the burden."⁸¹ Thus, CPR supported continued government assistance as long as it was not coupled with regulatory restrictions. Indeed, CPR argued that its ideal system, with reduced government regulation and freight rates decided by the railways,

⁷⁸ Hall Commission, *Transcript of Private Hearing: C. P. Rail* (21 August 1975), 2. LAC RG 33-111-1 File "Library – CPR."

⁷⁹ Canadian Pacific Railway, *Preliminary Position Paper of CP Rail with Respect to the Matters which are the subject of the Hall Commission* (20 August 1975), 4-7.

⁸⁰ Hall Commission, *Transcript of Private Hearing: C. P. Rail*, 9.

⁸¹ Canadian Pacific Railway, *Submission by F. S. Burbidge, President, Canadian Pacific Limited, to the Grain Handling and Transportation Commission* (Regina, 20 October 1975), 4. LAC RG 33-111-1 File "Library – CPR."

“achieve the orderly and efficient marketing [of grain] at the best possible price.”⁸² It essentially suggested if the Hall Commission recommended the “right” improvements to the grain handling system it would create a win-win situation that resolved concerns over efficient grain movement and solved agricultural problems stemming from low and fluctuating farm incomes.

Conclusion

The hearings of the Snavely and Hall Commissions replayed much of the same debate over rail rationalization and the statutory rate that the MacPherson Commission had heard at the end of the 1950s and that played out in the press and political debates. The importance of the two commissions was that they split the issue into a specialized argument over costs and a broad public witnessing of proposals for restructuring the grain handling system. They also divided the public sentiment between local community perspectives, and national or business priorities. The wide-scope of the Hall Commission created a space that encouraged participation from interested parties at all levels rather than suggesting the complex topic required only expert analysis. This encouragement combined with Emmett Hall’s reputation and the structure of the Commission created the public perception that the Commission would hear prairie concerns. Equally important, prairie participants anticipated Hall and the commissioners being from the prairies would evaluate the handling and transportation system with an insider’s knowledge of the wider socioeconomic structure of grain economy.

The Hall Commission hearings reinforced the strong divide—already apparent during the MacPherson Commission—between the private business-oriented ideal of reducing government regulation and financial involvement in the grain handling system and a public good approach resting on greater government involvement. This divide was rooted in the contextualization of grain movement by rail. Some participants viewed grain movement as a service offered by profit-driven railways considered only in the narrow context of direct revenue and costs. Using a much wider context for grain movement tied it to the less easily quantified benefits related to vibrant rural communities. This wider context saw the prairie grain economy creating benefits beyond the farm gate extending from the region to Canada as a nation. Maintaining these benefits required the continuation of government regulation that reached back to the historical pattern of settlement created by government policies around agricultural settlement and the building of the railways; retention of the statutory Crow rate kept a promise to the prairies that

⁸² Hall Commission, *Transcript of Private Hearing: C. P. Rail*, 9.

federal policies would encourage and support export-oriented cereal agriculture and the wider socioeconomic structure of the prairies that built from it. Indeed, the debate over the Crow rate also reflected the urbanization of the prairie population as supporters of the Crow emphasized its benefits to local rural communities suggesting that maintaining populated rural areas depended in large part on maintaining their economic well-being as tied to the Crow. The hearings of the Hall Commission demonstrated how prairie citizens prioritized supporting local communities through the Crow to benefit both the region and the nation. The growing emphasis on modernization as a national economic framework, however, did not prioritize maintaining local communities over either deregulation of business or reducing federal spending.

Chapter Seven: Recommendations from the Commissions

Introduction

The recommendations of the Grain Handling and Transportation (Hall) Commission and the Commission on the Costs of Transporting Grain by Rail (Snively) showed two very different perceptions of the grain handling and transportation system. The differences highlighted competing conceptualizations of the grain transportation system, which prioritized either the public good or the private business profits of rail transportation. The Snively Commission's findings ultimately supported the railway's position that grain transportation was not profitable under the statutory rate. Although this finding provided support for changing the Crow rate, several politicians, farmers' organizations, and other interested constituents took a wait-and-see attitude to Snively's findings as they waited to hear what Hall concluded.

The Hall Commission recommendations, released after the Snively Commission's report in 1976, proposed an overhaul of the entire prairie grain transportation and handling system in a way that continued to honour the national policy including maintaining the Crow rate. Its widespread hearings created the impression that the Hall Commission was interested in much more than the economic factors. After all, in 1964 Hall had led the Royal Commission on Health Care Services that recommended extending Saskatchewan's medicare model throughout Canada, after acknowledging health care as a basic right of citizenship that superseded any consideration of one's individual ability to pay for health services.¹ In the case of grain handling and transportation, some farmers, their farm organizations, politicians, the railways, and other parties considered the Hall recommendations to be of similar significance.

While both Snively and Hall had personally agreed that the complexity of the grain handling and transportation system made a full assessment difficult, their final recommendations also revealed different ideological positions on the fate of prairie agriculture and its place in the national economy. This chapter argues that the recommendations of the Hall and Snively Commissions reflected long-standing divisions over changing the grain handling and transportation system, stemming from historic assumptions about the longevity of the national policy, particularly as it related to the Crow rate. Their recommendations exacerbated the

¹ Royal Commission on Health Services [Hall], *Report of the Royal Commission on Health Services*, vol. 1, Chief Commissioner Emmett Hall, (Ottawa: Queen's Printer, 1964), 10-15.

divisions on the topic while the federal government seemed to rely on the lack of consensus to justify continuing the trend of putting off major changes to the Crow rate.

The Snavely Commission Report

Minister of Transport Otto Lang tabled the Snavely Commission's report on 6 December 1976, five months before tabling the Hall Commission's report on 16 May 1977.² During its investigations the Snavely Commission chose to limit its scope to the direct financial aspects of rail costing despite many western participants arguing that such an examination required a wider context. The Commission explained in exhaustive detail its costing process, including borrowing some approaches from the costing provided by both the railways and the prairie provinces, to reach "an accurate and reliable estimate of the costs of transporting statutory grain by rail."³ Anything more than an estimate was, the Commission argued, "unachievable" but it was confident that its methodology was sound so that its findings "[could] be used in the decision-making process."⁴

The cost of the Crow rate was the most anticipated part of its report. The Commission "[found] that the revenues received by the railways for the transportation of statutory grain does not cover the costs incurred by the railways."⁵ In short, the Commission confirmed that the freight rate ceiling provided by the Crow rate made grain movement not only unprofitable but a financial loss for the railways. Yet, it declined to suggest a specific change to the rate noting that unless market forces set the rate, which implied deregulation, then setting a specific rate remained "a public policy issue."⁶

² Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 2 (2 December 1976), 1686; Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, Vol 6, (16 May 1977), 5665.

³ Commission on the Cost of Transporting Grain by Rail [Snavely], *Report on the Commission on the Costs of Transporting Grain by Rail*, vol. 1, Chief Commissioner Carl M. Snavely, (Ottawa: Queen's Printer, 1976), 198.

⁴ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:198.

⁵ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:214.

⁶ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:66.

Lang forestalled criticism of these findings by noting that it was unreasonable to expect the government to act before receiving recommendations from the Hall Commission.⁷ Still, Alberta Progressive Conservative MP Don Mazankowski acknowledged the Snavelly Report was an important step forward “to assess the impact of any restructuring of freight rates in connection with the movement of grain.”⁸ Mazankowski’s implicit support for changing freight rates suggests the Progressive Conservative’s position over the statutory rates was relaxing, since the party had firmly opposed any changes to freight rates during earlier debates.⁹ Yet, this softening did not mean the party endorsed the complete removal of the rate. Saskatchewan MP Ray Hnatyshyn argued that the Federal government was “proceeding on a piecemeal basis to dismantle the orderly shipment of grain” before it received the full reports of both commissions, which it “ha[d] gone to considerable expense to appoint.”¹⁰ Indeed, reflecting the party’s historical support of maintaining the statutory rate, another Saskatchewan MP Alvin Hamilton, suggested that Snavelly’s findings “split the difference” between the cost of grain movement given by the railways and the cost given by the grain companies with “no evidence in there as to costing.”¹¹ Despite concerns over its conclusions on rail costing, MPs largely took a “wait-and-see” approach contingent on what the Hall Commission would recommend. As a technically-focused commission the Snavelly Report provided costing recommendations, which the Hall Commission drew on as part of a multiple-faceted approach to broader policy questions that made its recommendations all the more important especially as those who supported maintaining the Crow rate hoped it would counter balance to the narrowness of the Snavelly approach.

⁷ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 2 (13 December 1976), 1919.

⁸ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol, 2 (6 December 1976), 1708.

⁹ Notably during the debates on the introduction of the National Transportation Act in 1967.

¹⁰ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 2 (7 December 1976), 1744. Since the commissions were not finished the government could only estimate their total cost but it was clear that the commissions would not be under budget. For example, by 7 February 1977 the Federal government had received only the invoices up to 31 October of the previous year for the Snavelly Commission putting its cost to that point at \$422,094.74. Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 3 (7 February 1977), 2781.

¹¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 2 (3 March 1977), 3628.

MPs were not alone in their muted reaction to the Snavelly Commission's report and insisted that it was imperative to wait for the Hall Commission before making changes. The Government of Saskatchewan, although concerned by the cost findings, maintained the Hall Commission would carry more weight.¹² Although Saskatchewan Wheat Pool (SWP) was critical of the Snavelly Report, it too focused on waiting for the Hall report. SWP's General Manager Ira Mumford explained "it is not so much what Mr. Snavelly has to report but how it fits with the Hall Commission and the future of the railway configuration."¹³ As SWP President Ted Turner noted, the Snavelly report had "no judgements about the railways operating efficiency or their allowing lines to deteriorate."¹⁴ This point reflected the narrow scope of the investigation, despite arguments from SWP and other organizations that costing assessments had to be within the larger context rather than focusing purely on direct financial costs.

The publication of the Snavelly report was the first-time prairie grain farmers saw the full results of the commissions. Since the federal government had intended the Snavelly and Hall Commissions to support each other, the Snavelly report was a way for farmers and their organizations to see not just Snavelly's conclusions but also to find out what information the Hall Commission received for its reports.

Given the significance of the issue for prairie agriculture, the *Western Producer*, the major prairie agricultural paper, devoted the first two full pages of its weekly paper to reporting on the Snavelly Commission on 9 December 1976.¹⁵ The fate of the Crow rate—the concern of the majority of prairie farmers and their organizations—was first priority in the article. It warned readers that the Commission "concluded that railway revenues from the Crowsnest Pass statutory rates do not meet full costs to the railways of carrying grain."¹⁶ For readers supporting the retention of the Crow rate, this report about the Snavelly Commission raised concerns as the findings justified the railways' position that the statutory grain rate was uneconomic so the federal government had to either remove it or increase it. Yet, the *Western Producer* suggested

¹² Larry Kusch, "Snavelly pleases railways," *Western Producer*, 16 December 1976.

¹³ Larry Kusch, "Snavelly pleases railways," *Western Producer*, 16 December 1976.

¹⁴ "Railway operating efficiency not judged by Snavelly: Turner," *Western Producer*, 23 December 1976.

¹⁵ Bob Phillips, "Snavelly Report: Crow rates leave 'substantial' loss," *Western Producer*, 9 December 1976.

¹⁶ Bob Phillips, "Snavelly Report: Crow rates leave 'substantial' loss," *Western Producer*, 9 December 1976.

immediate action was not necessary, encouraging its readers to wait until the Hall Commission reported.

Despite the overwhelming consensus that changes would come after the Hall Commission reported, for groups that wanted to maintain the statutory rates the Snavelly report was an ominous sign that the debate over grain freight rates was shifting away from prioritizing the overall benefits of the statutory rates to refocusing on their economic costs to the railways. Gordon MacMurchy, Minister in Charge of the Saskatchewan Transportation Agency, warned “there is reason to believe that the purpose of the commission was to obtain figures to justify effectively changing the Crowsnest pass rates.”¹⁷ MacMurchy’s was not the only voice warning that protecting the statutory rates required constant vigilance. The *Western Producer’s* editorial instructed prairie grain farmers “to pay special attention ... and to consider what kind of responses would be best for their future.”¹⁸

On its own, the Snavelly Commission’s report provided costs but no direct recommendations for action. As the *Western Producer* emphasized to its readers, the Snavelly Commission acknowledged it had not investigated:

1. An appropriate rate level for statutory grain
2. A method of compensating the railways for any shortfall in revenue that may be found to exist under contemporary conditions.
3. The ability of statutory grain shippers to pay either the present rate level or any other rate level.¹⁹

Although all three issues implied an assumption that the current statutory rates needed change because of the revenue shortfall identified by Snavelly, how to address them was beyond the scope of the Snavelly Commission. The editors at the *Western Producer* warned that the answers to the three issues would “determine what prairie farmers must pay in the future to move their grain to market.”²⁰ Since the Hall Commission was poised to make recommendations, including

¹⁷ Larry Kusch, “Snavelly pleases railways,” *Western Producer*, 16 December 1976.

¹⁸ “Prairie farmers must be blunt about future of Crow rates,” *Western Producer*, 16 December 1976.

¹⁹ “Prairie farmers must be blunt about future of Crow rates,” *Western Producer*, 16 December 1976.

²⁰ “Prairie farmers must be blunt about future of Crow rates,” *Western Producer*, 16 December 1976.

answering issues directly related to the future structure of the statutory rates, it had a huge potential to alter this discussion in ways that could overwhelm the more narrowly conceived, and thereby limited, Snavelly Report. Thus, the wait-and-see approach tempered with caution from the major agricultural newspaper to remain vigilant emphasized the relative importance of the two Commissions but also acknowledged that the principle of statutory rates (to keep a price ceiling on freight rates) remained firmly under review.

The Hall Commission Report

Five months after the release of the Snavelly Report, Minister of Transport Otto Lang tabled the first volume of the Hall Commission's report before Parliament on 16 May 1977.²¹ The federal government released the second volume, a compendium of seven research papers requested by the Commission, on 20 June 1977.²² The Hall Commission emphasized that it had found the complexity of the grain handling and transportation system to be such that it "met no one who understood all facets, operations, transactions, mechanisms and interactions."²³ Although it was complex, the Hall Commission envisioned changing the system to create "the greatest return to the grain producers and the maximum development of opportunities for individuals and communities in Western Canada."²⁴ The Hall Report consistently emphasized the importance of considering changes in terms of the consequences for farmers' profitability. This focus signaled the Commission's view of the farm and its profitability as the foundation of western Canadian agriculture, and by implication, its place in the national economy. Financial stability at the farm level was a key building block for "the development of both the primary and secondary agricultural industries."²⁵ The Commission's focus on improving all aspects of the prairie agricultural economy through its recommendations led MP Alvin Hamilton, the Progressive Conservative Agriculture Critic, to predict the Hall Commission's report would "go down in history as the economic Magna Carta of western Canada."²⁶ Hamilton's characterization

²¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol.6 (16 May 1977), 5665.

²² Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 7 (20 July 1977), 6852.

²³ Grain Handling and Transportation Commission [Hall], *Grain and Rail in Western Canada: The Report of the Grain Handling and Transportation Commission*, vol. 1, Chief Commissioner Emmett Hall, (Ottawa: Queen's Printer, 1977), 520.

²⁴ Hall Commission, *Grain and Rail in Western Canada*, 1:520.

²⁵ Hall Commission, *Grain and Rail in Western Canada*, 1:520.

²⁶ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (17 May 1977), 5706.

described the long-standing view of the Crow rate in the prairie provinces that it was a confederation promise to the west to support their export-grain production in return for its contributions to the national good.

The question of the statutory freight rates had been one of the most anticipated parts of the report since the Federal government called the Hall Commission. Many witnesses at the Commission's hearings had emphasized that its decision on the Crow rate was not simply a decision on the financing of grain movement but a decision that would affect the socio-economic future of rural communities throughout the prairies; by extension, it had the potential to define the importance of western grain farmers within their relationship to the rest of Canada. The Hall Commission supported this majority position when it recommended that the Federal government retain the Crow rate and, if necessary, directly pay the railways to offset costs not recouped with the statutory rates.²⁷ These recommendations aligned with the idea that grain movement was a national priority public good and thus it considered any changes to the railways' grain transportation within that framework. As part of this framework the Commission emphasized that grain sales themselves benefited Canada since "the contribution Western grain makes to Canada's balance of payments position demands that a substantial part of any increase [in freight rates] be borne by the federal Government in the National interest."²⁸ Thus, retaining the statutory rates benefited not just farmers and their immediate communities but the country in general, which equated the public good with national priorities. The Commission's position supported the understanding of the Crow rate as part of the national policy promise to the West from the federal government.

As soon as the federal government tabled the Hall Report, opposition MPs were quick to support its recommendation that statutory grain freight rates be maintained. Saskatchewan Progressive Conservative MP Ray Hnatyshyn put forward a motion that the Minister of Transport should be clear about "his intentions ... [for] the implementation of the recommendations of the Hall Commission" although the motion failed to receive the necessary unanimous consent, so the House could not debate it.²⁹ New Democratic Party MP Les Benjamin, also representing Saskatchewan, attempted a more strongly worded motion, which

²⁷ Hall Commission, *Grain and Rail in Western Canada*, 1:336-337.

²⁸ Hall Commission, *Grain and Rail in Western Canada*, 1:336.

²⁹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (17 May 1977), 5705.

also failed to gain unanimous consent, for the House to “call upon the government to immediately implement the recommendation of the Hall Commission on statutory rates.”³⁰ Despite this bi-partisan support, the federal government was unwilling to commit to the recommendations wholesale. Prime Minister Pierre Trudeau opposed Benjamin’s motion because it “was leaning toward the support of the Hall recommendations before we even read the report.”³¹ Opposition MPs pushed Lang and his colleagues to make a direct statement on the retention and financing of the statutory rates. Since all three western premiers and the majority of prairie farm organizations supported retaining the Crow rate, there was considerable pressure on the Liberal Party to follow the Hall recommendations. Yet, with limited political representation in the prairie west, and a fiscal responsibility to the nation at large, the Liberals were unwilling to disregard Snavely’s financial analysis.³² For the opposition MPs from the prairies it raised political capital to emphasize that the Liberals were stalling on implementing the recommendations because they did not support them, and by extension the Liberals did not support prairie farmers and the west in general, which further fanned the flames of a western alienation narrative.³³

Canadians understood that government decisions on this issue would directly affect railways. Both national railway companies delayed their responses, claiming they required more time to sufficiently study the reports. Canadian National Railway (CNR) nonetheless provided a positive initial assessment, indicating that it agreed with Hall’s report because it “advocated substantial reductions in the Prairie grain-gathering system and the need to compensate the

³⁰ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (17 May 1977), 5705. Hnatyshyn and Benjamin made the motions under Standing Order 43, which required unanimous consent for the motion to proceed. Standing Order 43 was used “in case of urgent and pressing necessity” to waive the requirement for advanced notice of the motion to be given to the House. Canada. *Parliament and Provisional Standing Orders of the House of Commons*, (Ottawa: Queen’s Printer, January 1976), 38-39.

³¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (17 May 1977), 5706.

³² “Proposals on grain handling, transportation Prairies receive widespread endorsement,” *Globe and Mail*, 18 May 1977.

³³ The collaboration of New Democrat and Progressive Conservative politicians in creating a narrative around western alienation in relation to natural resources is discussed in John Richards and Larry Pratt, *Prairie Capitalism: Power and Influence in the New West* (Toronto: McClelland and Stewart, 1979).

railway for hauling grain at a loss.”³⁴ CNR’s Vice-President R. Latimer described the report as “a positive and valuable contribution toward the resolution of a complex transportation problem.”³⁵ The Canadian Pacific Railway (CPR) initially remained silent. Although the statutory rate remained in place, by encouraging centralization of the system, the Hall Commission articulated a way for the railways to reduce their costs both in terms of the number of delivery points served and the length of track to maintain.

Even though the Hall Commission supported rail network centralization, which meant loss of delivery points, the National Farmers Union (NFU), which focused on improving farmers’ socio-economic position, was also positive about Hall’s recommendations. The NFU urged the Federal government to adopt them as a complete package rather than picking and choosing particular pieces since the Commission took a “fairly common-sense approach” to its recommendations according to NFU President Roy Atkinson, who was also from Saskatchewan.³⁶ Despite its overall praise, the NFU stayed fast to its foundations in cooperative agrarian politics and expressed disappointment that the Commission had not recommended amalgamating CNR and CPR into one national railway.³⁷ While the NFU was on the left of this debate, other farm organizations, such as Alberta’s Unifarm, also emphasized the importance of the Commission’s recommendation to retain the statutory rates. The three Prairie Pools, farmer-owned cooperative grain handling companies that handled the majority of grain produced in the prairies, also received the Hall Commission favourably. Saskatchewan Wheat Pool President Ted Turner described Hall’s recommendation as “regional recognition with a national transportation policy.”³⁸ The issue resonated deeply in Saskatchewan where agrarian and political leaders worked across conventional ideological lines to support Hall but also in a regional recognition of cooperation and opposition to the federal Liberals.

³⁴ Ken Romain, “CN welcomes report of Hall Commission,” *Globe and Mail*, 18 May 1977.

³⁵ Ken Romain, “CN welcomes report of Hall Commission,” *Globe and Mail*, 18 May 1977.

³⁶ Roy Atkinson quoted in “Proposals on grain handling, transportation Prairies receive widespread endorsement,” *Globe and Mail*, 18 May 1977.

³⁷ “Proposals on grain handling, transportation Prairies receive widespread endorsement,” *Globe and Mail*, 18 May 1977.

³⁸ Ted Turner quoted in “Lower Prairie revenue if Crow rate lost: Turner,” *Western Producer*, 23 June 1977.

Despite the overwhelmingly positive response to the Hall Commission's report there remained significant disagreement over which recommendations the government should implement and how to proceed. A large concern for many people and organizations was how to finance the recommendations. Although the Snavelly Commission's report was supposed to provide the financial perspective on the grain handling and transportation system it had not proven to be the final word on the question. Though disagreement remained over specific figures, most organizations, including the federal government and the three Prairie Pools, agreed the Snavelly Commission provided important and detailed evidence of the costs of grain handling in general. Their agreement, however, did not carry over to the costs associated with the Hall Commission's recommendations, making these costs a contentious issue especially in terms of the distribution of who would pay.

The cost associated with the Crow rate remained particularly contentious. The fraught nature of this issue appears in a public dispute between Otto Lang and Emmett Hall. The media reported that Lang thought the Commission went beyond its terms of reference in relation to its recommendations on the Crow rate. Emmett Hall argued that the terms were clear and the commission had not overstepped any boundary in its recommendations on the Crow rate.³⁹ When MPs asked Otto Lang to clarify his remarks he suggested the press had taken his statements on Hall's recommendations for an Arctic railway out of context.⁴⁰ Lang maintained this was a minor criticism and did not mean he was disregarding the Hall report, as it was "a fine report from which we shall be able to work effectively in future."⁴¹ Yet, the Federal government's refusal to take a stance on the recommendations lent credence to the idea that Lang regarded the Hall Commission's recommendations as too overreaching and the government was hesitating, much like Conservative Prime Minister John Diefenbaker had done when the MacPherson Commission reported its own contentious recommendations. Indeed, the difficulty of decisions on grain transportation, especially the Crow rate, crossed party lines making it not a Liberal or Conservative problem but a federal problem.

³⁹ "Hall rejects charge study beyond terms," *Globe and Mail*, 19 May 1977.

⁴⁰ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (24 May 1977), 5877.

⁴¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 6 (24 May 1977), 5878.

The federal government's delayed approach suggested that it was not supporting the visions for the grain handling and transportation system articulated by those in the west, and Saskatchewan in particular. The Hall Commission's recommendations heavily reflected the presentations of the Saskatchewan provincial government, organizations and farmers that had promoted a vision of changing the grain transportation and handling system to support the continuity of the social and economic structures of the prairies that the federal government promoted through its settlement policies. Beyond recommending retention of the Crow rate, the Hall Commission also validated the prairie provinces' long-standing grievance over freight rates (specifically the high cost of moving goods in and out of the region).⁴² It explained "an analysis of freight structures confirms that the prairie provinces have been victimized by discriminatory freight rates from the beginning."⁴³ This statement could hardly have been any more blunt in its support of the prairies' freight rate grievance. Yet, the Commission went further finding that "some of the policies associated with transportation have permitted the system to continue to drain the West of employment and development opportunities."⁴⁴ To reverse this trend, the Commission recommended more processing of agricultural products in the prairies with freight rates that "cost no more to transport [processed products] on a per ton basis the same product in its raw state."⁴⁵ This recommendation extended the benefit provided to grain producers to the processing and livestock sectors of the prairie economy.⁴⁶

Essentially, the equalization of the freight rates recommended by Hall allowed prairie-based processors to overcome the extra costs associated with the longer transportation distances from the prairies to deep-water ports. They could, therefore, compete with processors outside the region and more profitably access international markets. Rapeseed crushers, who were beginning to take advantage of the growing cultivation of new for human-consumption varieties of

⁴² For greater discussion on freight rate discrimination and prairie regionalism see previous chapters of this dissertation as well as Carl Berger, "William Morton: The Delicate Balance of Region and Nation," in *The Writing of Canadian History* (Toronto: University of Toronto Press, 1986), 238-258; T. D. Regher, "Western Canadian and the Burden of National Transportation Policies," in *The Prairie West: Historical Readings*, 2nd ed., ed. R. Douglas Francis and Howard Palmer (Edmonton: Pica Pica Pres, 1995), 264-284.

⁴³ Hall Commission, *Grain and Rail in Western Canada*, 1:273.

⁴⁴ Hall Commission, *Grain and Rail in Western Canada*, 1:274-275.

⁴⁵ Hall Commission, *Grain and Rail in Western Canada*, 1:276.

⁴⁶ Hall Commission, *Grain and Rail in Western Canada*, 1:309.

rapeseed (canola) in the prairies, welcomed this opportunity.⁴⁷ The *Western Producer* headlined its article on the positive response of processors as “De-Victimizing the West” and explained how freight rate equality would benefit the crushers by giving them competitive access to the market for processed rapeseed in Japan.⁴⁸ Ken Sarsons, chief executive of the prairie-based processing company CSP Foods Ltd., said, “[t]he Hall report means new hope for the flour millers.”⁴⁹

An Arctic Railway

The positive reaction to the Hall Report did not appear in urban focused central Canadian newspapers. *Globe and Mail* reporter James Rusk equated the Hall Commission with regionalized complaints, suggesting that “If the Berger report is the cry of the North, the Hall report is the cry of the West.”⁵⁰ Both the Hall and Berger reports heavily focused on the problems experienced at the regional level with an emphasis on supporting the choices of those in the region; the reports gave solutions proposed by those in the region serious consideration and prioritized them.⁵¹ This prioritization was important as it emphasized the best solutions came

⁴⁷ Rapeseed had high erucic acid content and was not an edible oil. Its main use was for industrial lubricants. Agricultural Canada Research Stations developed rapeseed with low erucic acid and low glucosinolate, which made it suitable for human consumption. In 1971 Span, developed by Keith Downey, was the first commercially available variety. Tower, developed by Baldur Stefansson, followed it in 1974. To differentiate the new variety from the older ones it was rebranded canola building from the combination of Canada and oil. For discussion of rapeseed and canola on the prairies see V. J. Barthelet, “Canola: Overview,” in *Encyclopedia of Food Grains: The World of Food Grains*, Vol. 1, 2nd ed., eds. Colin Wrigley, Harold Corke, Koushik Seetharaman, and Jon Faubion, (Oxford: Elsevier, 2016), 237-241; S. K. Gupta and Aditya Pratap, “History, Origin, and Evolution,” *Advances in Botanical Research* 45 (2007): 1 – 20; Lawrence Busch, “Canola: A Cinderella Story,” in *Farm Communities at the Crossroads: Challenge and Resistance*, eds. Harry Diaz, Joann Jaffe, and Robert Stirling (Regina: Canadian Plains Research Centre, 2003), 45- 51; Arunas Jaska, Lawrence Busch, and Feng Huang Wu, “Producing Genetic Diversity in Crop Plants: The Case of Canadian rapeseed, 1954-1991,” *Journal of Sustainable Agriculture* 9, no. 4 (1997): 5-23.

⁴⁸ “De-Victimizing the West: Prairie Processors praise Hall report,” *Western Producer*, 2 June 1977.

⁴⁹ Ken Sarsons quoted in “De-Victimizing the West: Prairie Processors praise Hall report,” *Western Producer*, 2 June 1977.

⁵⁰ James Rusk, “Hall commission on grain handling articulates the cry of Western Canada,” *Globe and Mail*, 18 May 1977.

⁵¹ Retired Supreme Court Justice Thomas Berger authored the Berger report, which examined the proposed gas pipeline through the Mackenzie Valley. The report recommended halting all pipeline construction in the region for ten years and until the settlement of Indigenous land claims in the Mackenzie Valley and western arctic. J. R. Miller, *Skyscrapers Hide the Heavens* 4th ed., (Toronto: University of Toronto Press, 2017), 297; John David Hamilton,

from understanding problems from a grassroots regional perspective. Despite the Berger recommendations interfering with Alberta's energy sector development, when Alberta Premier Peter Lougheed compared the two reports, he suggested the Hall Commission's report had "implications that are more significant for Alberta than the Berger report."⁵² It was an impressive statement since Lougheed's Progressive Conservative government had passed the Alberta Heritage Savings Trust Fund Act the previous year in 1976, to save revenue from Alberta's non-renewable resources for future needs.⁵³ Lougheed implied that the potential cancelation of oil and gas exploration in the western arctic for a decade created less change than Hall's recommendations for the railway line network. It is important to note, however, that Hall provided an alternative to the pipeline by recommending continuing "the national dream in a contemporary context" by building a rail line that would connect Enterprise, AB, with Inuvik, NWT, to create an Arctic Railway.⁵⁴ It would connect to southern Canada through the rail lines in northern Alberta and other transportation systems, including roads, airports, and pipelines, would follow the creation of the Arctic Railway.⁵⁵ The Hall Commission explained that the railway had to be first because it transported the widest variety of goods and services while creating both skilled and unskilled jobs. Recognizing the serious concerns raised by local groups in the ongoing struggle over arctic resource development, and the related challenges of transportation, the Commission noted that rail "len[t] itself to a minimal and controlled impact on the environment" but cautioned the project required "the fullest cooperation with the Dene and Inuit."⁵⁶ Yet, a railway into the arctic was only hypothetical while Berger's recommendation for halting the pipeline had the potential to stop a project that was already in the planning stage of development.⁵⁷ Despite this point, Lougheed gave more weight to changes to the railway network. These conversations underscored the deep connections between regional concerns,

Arctic Revolution: Social Change in the Northwest Territories 1935-1994 (Toronto: Dundurn Press, 1994), 180-207.

⁵² Peter Lougheed quoted in Yvonne Zacharias, "Retraining Program," *Maclean's Magazine*, 30 May 1977, 16.

⁵³ Richards and Pratt, *Prairie Capitalism*, 241-242; Treasury Board and Finance, *Alberta Heritage Savings Trust Fund Historical Timeline*, (Edmonton: Treasury Board and Finance, 2019), 1.

⁵⁴ Hall Commission, *Grain and Rail in Western Canada*, 1:127.

⁵⁵ Hall Commission, *Grain and Rail in Western Canada*, 1:127-129.

⁵⁶ Hall Commission, *Grain and Rail in Western Canada*, 1:130-131.

⁵⁷ Hamilton, *Arctic Revolution*, 159-179.

railways, resource development and how these elements fit into shifting conceptualizations of what approach to them best served the national interest.

Churchill

The Hall Commission also pursued “the dream of the North” by making recommendations to encourage greater utilization of the port of Churchill in northern Manitoba.⁵⁸ It recommended that federal government build a terminal elevator at Yorkton, SK, that would collect grain for shipment to Churchill. Yorkton, in south-central Saskatchewan, was an ideal location as it was already within the CN railway line network that serviced Churchill. Secondly, the Commission suggested that by using the proposed Yorkton elevator in conjunction with the government elevator at Saskatoon for Churchill-bound grain it would significantly reduce stress on the grain transportation system created by Churchill’s short shipping season. To ensure grain was available to Churchill without delay, the Canadian Wheat Board held grain on farms and in country elevators causing “congested elevators and the inequitable application of delivery quotas.”⁵⁹ Utilizing elevators at Yorkton and Saskatoon would eliminate these issues while also providing storage for Churchill-bound grain. The Hudson Bay Route Association, as well as the Churchill Development Board and the Yorkton Chamber of Commerce all enthusiastically supported the Yorkton government elevator proposal.⁶⁰

The Liberal government did not rush to support building an elevator at Yorkton but instead, Liberal MP Jack Horner, representing the Alberta riding of Crowfoot, explained it was “worthy of a great deal of study.”⁶¹ Continuing a long-standing tradition of putting off decisions through more investigation, the federal government commissioned Bryden Development Consultants to assess the viability of a Yorkton elevator. Their report recommended against the development of the Yorkton elevator due to both the high cost of building it and uncertainty over

⁵⁸ Hall Commission, *Grain and Rail in Western Canada*, 1:131.

⁵⁹ Hall Commission, *Grain and Rail in Western Canada*, 1:214.

⁶⁰ “Churchill pushes Yorkton terminal,” *Western Producer* 12 January 1978.

⁶¹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, Vol 6, (26 May 1977), 5989. Jack Horner was a long-serving Progressive Conservative MP first elected to Parliament in 1958. He crossed the floor from the Progressive Conservatives to the Liberals on April 20, 1977 where he became Minister without a Portfolio. Horner discusses his motivations for crossing the floor extensively in chapters seven and eight of his autobiography. Jack Horner, *My Own Brand*, (Edmonton: Hurtig Publishers, 1980), 167-194.

the benefits of increasing the use of Churchill.⁶² Rob Bryden, who had strongly supported the development of the Weyburn Inland Terminal (WIT), was the head of Bryden Development Consultants; so, opposition MPs saw the findings as hypocritical and an effort to support WIT.⁶³ Saskatchewan Progressive Conservative MP Ray Hnatyshyn also claimed Bryden “had a very well known bias against the port of Churchill ... [as his consultancy had done a report] for the Dominion Marine Association, which is pro-St. Lawrence Seaway, that recommended virtually the same situation; that the port of Churchill should not be expanded or improved.”⁶⁴ Drawing on regional identity, similar to criticisms of Snavelly for being American, Hnatyshyn claimed that Lang was not a true westerner since “expansion of the port of Churchill is a longstanding western dream.”⁶⁵ Although Lang did not defend his credentials as a westerner, his Parliamentary Secretary Charles Lapointe noted that the federal government “actions ... speak for themselves,” as they put \$5.5 million toward improving Churchill.⁶⁶ Continuing to be a public champion of his Commission’s recommendations to improve the prairie region, Emmet Hall questioned the validity of Bryden Development Consultants’ research since he noted it had contacted “no one from the port of Churchill” unlike the Hall Commission’s own approach.⁶⁷

The costs associated with improving Churchill was not just the building of a Yorkton terminal. The CN railway line serving the port also required extensive and costly upgrading since it could not handle the weight of the steel hopper cars replacing wooden boxcars for grain movement; Churchill was at risk of becoming completely inaccessible without an upgraded line. The government was not willing to lose rail access to the port so Lang, reaffirming both his

⁶² Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, Vol 6, (30 January 1978), 2349.

⁶³ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, Vol 4, (9 March 1978) 3649-50; Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 6 (5 June 1978) 6066, 6082; Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 6 (20 June 1978) 6611; Canada, Parliament, *House of Commons Debates*, 30th Parl, 4th Sess, vol. 1 (19 October 1978) 297-8; Canada, Parliament, *House of Commons Debates*, 30th Parl, 4th Sess, vol. 1 (20 October 1978), 309; Canada, Parliament, *House of Commons Debates*, 30th Parl, 4th Sess, vol. 1 (13 November 1978), 1084.

⁶⁴ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 4 (6 March 1978), 3466.

⁶⁵ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 4 (9 March 1978), 3650.

⁶⁶ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 4 (9 March 1978), 3650.

⁶⁷ Doug Brunton, “Hall sees much to gain from more Churchill use,” *Western Producer*, 20 April 1978.

western identity and the government's support for the prairie's export grain industry, announced \$1.6 million for upgrading the rail lines that formed the Hudson Bay Route in addition to the funds that had already been promised for improving the prairie railway network.⁶⁸ This issue demonstrated that the federal government was prepared to fund more studies on various matters rather than accept and fund the Hall Commission's recommendations.

Paying the Railways

In the Hall Commission's recommendations creating an efficient grain transportation system required not only maintaining the statutory rate, and paying the railways any necessary offset, but also investing in improving the existing railway networks. Such improvements, however, did not necessarily mean maintaining its current configuration. The Hall Commission agreed with the railways that the prairie railway network would benefit from some line abandonment to create an overall reduction in the length of track. The recommendations acknowledged the Snavely Commission's findings that the railways did not generate enough revenue to cover the costs of maintaining their sprawling networks especially for grain-dependent lines. To the satisfaction of many prairie residents, the Hall Commission put this cost finding within the wider socio-economic context of prairie settlement and historic promises for transportation when considering how to reduce the rail network while maintaining the Crow rate.

The Hall Commission recommended paying the railways to overcome the difference between their costs and revenue to make the system more acceptable to the railways. The federal government took this recommendation seriously. Otto Lang announced the government would provide funding that year for the railways to upgrade and repair lines.⁶⁹ In doing so, he allayed the concerns of the railways that a repeat of the MacPherson Commission would happen where the Commission accepted their costs but the government did not take action to solve it. Lang also accepted Hall's recommendation for which lines to add to the basic rail network, which made 75% of prairie rail lines secure until 2000.⁷⁰ The Hall Commission had recommended adding the branch lines based on their usefulness to the wider network, which meant that recommended lines were not always in ideal condition.

⁶⁸ "Lang promises \$7.1 million for Bay route, port," *Western Producer* 27 April 1978.

⁶⁹ Larry Kusch, "Speedy action on Hall report recommendations," *Western Producer* 2 June 1977.

⁷⁰ Larry Kusch, "Speedy action on Hall report recommendations," *Western Producer* 2 June 1977.

As a result, the federal government allocated \$100 million for the restoration and upgrading of the lines. It divided the subsidy funding between the prairie province sharing \$50 million between rail lines in Alberta and Manitoba, while allocating the other \$50 million to Saskatchewan lines. This division of funding indicated the poor state of the lines and the amount of line recommended for retention in each province.⁷¹ Interestingly, \$100 million was half the amount that Lang had promised immediately after the release of the Hall Commission's report and even less than the \$445 million "required to provide the adequate network" as recommended by the Hall Commission.⁷² When questioned Lang explained, "the railways [were] not capable of making use of more than \$100 million in the time period."⁷³ Although he later clarified that it was only payment for "work which can be accomplished in the construction years 1977 and 1978."⁷⁴ Demonstrating the importance the federal government placed on improving the grain transportation system, he noted that "Hon. Members, particularly those from the west, should appreciate the willingness of the government to commit \$100 million for this purpose at this time of serious fiscal restraint."⁷⁵ The funding showed prairie farmers the federal government was delivering on its promises and following through on the Hall Commission's recommendations. The Saskatchewan Wheat Pool cautioned that funding of "a similar magnitude [would] be required for the next several years" but publicly commended the federal government's spending.⁷⁶

The Prairie Rail Authority and the Prairie Rail Action Committee

Another concern beyond the statutory rate was the abandonment of rail lines throughout the prairies given that the federal government's temporary freeze on abandonment was over. The Hall Commission's mandate included recommending which lines to keep, delay abandoning, or immediately abandon. Despite the numerous hearings and its recommendations reflecting the ideas of the west, line abandonment remained publicly unpopular. Despite, passing judgement on

⁷¹ Ellen Nygaard, "Prairie rail lines get \$100 million for improvements," *Western Producer*, 28 July 1977.

⁷² Larry Kusch, "Speedy action on Hall report recommendations," *Western Producer*, 2 June 1977; Hall Commission, *Grain and Rail in Western Canada*, 1:327.

⁷³ Ellen Nygaard, "Prairie rail lines get \$100 million for improvements," *Western Producer*, 28 July 1977.

⁷⁴ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 8 (19 July 1977), 7781.

⁷⁵ Canada, Parliament, *House of Commons Debates*, 30th Parl, 2nd Sess, vol. 8 (19 July 1977), 7781.

⁷⁶ "Too many 'undecided' rail miles, Pool says," *Western Producer*, 17 November 1977.

many lines, the Hall Commission found 2,344 miles of track too difficult to decide on unless further changes to the system occurred. It proposed that the federal government establish a Prairie Rail Authority (PRA) by the end of 1977 to re-examine these lines before making a final judgement based on if there was a “demonstrated need” to retain the line after the implementation or not of the Commission’s other recommendations.⁷⁷ The Commission did not intend to permanently add to the railway bureaucracy, which presentations to the Hall Commission had already highlighted as an area with too much government regulation. Instead, the PRA was temporary as once it decided to abandon or permanently retain the lines in question it would have nothing to oversee causing its own “self-liquidation” by 1990.⁷⁸

Unlike many of Hall’s other recommendations, the majority of those involved in the export grain sector did not support the PRA because it effectively increased the regulation related to these lines without reducing costs. United Grain Growers (UGG) President Mac Runciman felt that instead of dealing with the rail lines in question, the Hall Commission was simply passing the problem on by suggesting the creation of a new bureaucratic structure.⁷⁹ WIT President Art Manil characterized it as “the Government intruding where it is not wanted”⁸⁰ While the privately-owned Cargill grain company and CNR felt the PRA had potential they were skeptical of its effectiveness without proper funding and a strong mandate.⁸¹

Even the prairie Wheat Pools were unsupportive of the PRA despite supporting the Hall Commission recommendations. As the Alberta Wheat Pool bluntly said the PRA would “not [be] something we welcome.”⁸² The reason so many organizations did not support the PRA was that Hall recommended it would take until 1990 for it to decide the fate of all the lines. The grain handlers, railways, farmers, farm organizations, rural residents, and the provincial governments had already experienced years of uncertainty over potential line abandonment so they did not welcome prolonging this uncertainty for another twelve years. As D. R. Danielson from Tyner,

⁷⁷ Hall Commission, *Grain and Rail in Western Canada*, 1:90.

⁷⁸ Hall Commission, *Grain and Rail in Western Canada*, 1:91-93.

⁷⁹ “Proposals on grain handing, transportation on prairies receive widespread endorsement,” *Globe and Mail* 18 May 1977; Paul Earl, *Mac Runciman: A Life in the Grain Trade* (Winnipeg: University of Manitoba Press, 2000), 205.

⁸⁰ “Proposals on grain handing, transportation on prairies receive widespread endorsement,” *Globe and Mail*, 18 May 1977.

⁸¹ “CNR sees positive points in Hall report,” *Western Producer*, 26 May 1977; “Companies must prod govt. to enforce Hall: Dawson,” *Western Producer*, 2 June 1977.

⁸² “Alberta Pool: yes, we like it,” *Western Producer*, 26 May 1977.

SK, argued in a letter to the *Western Producer* “our agricultural industry and rural communities can no longer cover the unnecessary cost of indecision.”⁸³ The problem of indecision, as reporter Ronald Anderson explained, was that even if a line was still in use without the certainty of its retention “it [was] unlikely that enough investment [from grain companies into their elevators] will be forthcoming to ensure that the line will be preserved.”⁸⁴ Anderson highlights the paradox of the prairie grain handling system: lines needed to carry high volumes of grain but without investment to maintain and upgrade elevators it was not possible to generate the grain volumes needed to retain the lines; but the grain companies would not invest in elevators without assurances that the line would remain. Similarly, the railways would not invest in line maintenance without assurance of acceptable grain volumes.

Spiritwood, SK, located about 450 km northwest of Regina, provides a clear example of this paradox in action and why long-term uncertainty created significant problems not just for rural residents and farmers relying on a line. The town had four elevators (two owned by Saskatchewan Wheat Pool, one by Cargill Grain, and one by Pioneer Grain) but fire destroyed three on 5 May 1977 leaving one SWP elevator. Having only one elevator left significantly reduced the amount of grain farmers could deliver to this point before the remaining elevator needed rail cars to empty it. The branch line serving these elevators was one of the lines designated by the Hall Commission for the PRA to study making its future uncertain.

Instead of rebuilding their elevators the three companies were unwilling to make a decision. Cargill planned to wait until Pioneer and SWP acted; while Pioneer felt three companies at one point was too much competition so was unwilling to rebuild but, if costs were low, suggest it might move an existing elevator to the site.⁸⁵ SWP planned to repair its remaining elevator to improve its handling ability but would not replace the burnt elevator unless “the branch line running through Spiritwood [was] retained.”⁸⁶ The wait-and-see position meant that farmers in the Spiritwood area faced a grain delivery problem if the matter was not resolved before the autumn. Spiritwood was a well-used delivery point.⁸⁷ For local farmers there were few

⁸³ D. R. Danielson, “Hall report,” *Western Producer*, 23 June 1977.

⁸⁴ Ronald Anderson, “Rusting rails,” *Globe and Mail*, 18 May 1977.

⁸⁵ “Spiritwood is left with lone elevator,” *Western Producer*, 19 May 1977.

⁸⁶ “Spiritwood is left with lone elevator,” *Western Producer*, 19 May 1977.

⁸⁷ The combined capacity of the elevators, prior to the fire, was 354,100 bushels (bu) but they collectively handled 923,000 bu (primarily barley and wheat) in the 1975/76 crop year meaning that the elevators completely turned over 2.6 times. The next year they handled

close alternatives to the Spiritwood elevators. As SWP elevator agent Wayne Pauls explained, for farmers to deliver to other elevators added between 10 and 20 extra miles to their hauling distance depending on their location in relation to Spiritwood. In addition to the extra time required by the extra distance, to improved efficiency also required larger trucks to move greater volumes of grain in one trip; but Pauls noted “a lot of farmers in the area do not own big enough trucks.”⁸⁸ With the loss of the three Spiritwood elevators the community faced the prospect of experiencing long hauls and the risk of the remaining elevator becoming congested due to lack of grain cars to empty it in a timely manner. Farmers were already familiar with the problems of congested elevators from previous years of poor grain movement so the prospect of going into a harvest season with significantly reduced capacity space at their local delivery point was concerning. They also did not support hauling extra distances as it downloaded costs for grain transportation on to them from the railways. The Saskatchewan government was aware of farmers’ concerns and lobbied Otto Lang to make a decision regarding Spiritwood. Saskatchewan Transportation Minister Gordon MacMurchy wrote to his federal counterpart, “it is essential that the line be assured permanent status immediately in order that the elevator companies can begin to take action on the delivery crisis.”⁸⁹ By making their decisions contingent on the fate of the branch line the three grain companies not only added pressure to the federal government, particularly to Otto Lang as Minister of Transport, to make decisions on the Hall recommendations but also gave the Saskatchewan government a current case to focus their lobbying efforts.

Instead of the more powerful and longer-term PRA, the federal government responded to concerns over the uncertainty of the future of the lines by creating an advisory body – the Prairie Rail Action Committee (PRAC) – to provide recommendations on the “priorities for rail upgrading.”⁹⁰ The PRAC did not have the same powers as the proposed PRA but rather was to advise Lang on the 2,343 miles of rail lines the Hall report listed as needing further review. It

1,034,000 bu. Canadian Grain Commission, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1975-76*, (Winnipeg: Canadian Grain Commission, 1976), 35; Canadian Grain Commission, *Summary of Primary Elevator Receipts at Individual Prairie Points: Crop Year 1976-77*, (Winnipeg: Canadian Grain Commission, 1977), 35.

⁸⁸ “Spiritwood is left with lone elevator,” *Western Producer*, 19 May 1977.

⁸⁹ “Spiritwood early priority,” *Western Producer*, 4 August 1977.

⁹⁰ Department of Transport, Minister Otto Lang, “Lang Announces Prairie Rail Action Committee Members,” *News Release*, 11 July 1977.

would also decide on the “priorities for branch line upgrading and rehabilitation work.”⁹¹ Lang gave the PRAC till the end of 1978—only eighteen months—to make recommendations on action for those lines, the potential formation of the PRA, and how the railways should prioritize line upgrading. University of Regina transportation expert Fred Anderson headed the PRAC and it had three committee members to represent each of the three Prairie Provinces.⁹² Since the Hall Commission held wide-spread hearings, Lang made it clear that the PRAC would not be repeating the process. Instead, it would work with the information generated by the Hall Commission’s hearings.⁹³

Lang directed the PRAC to prioritize its decision on the Spiritwood line.⁹⁴ Despite this direction, it was not until the middle of December 1977 that the PRAC made its first recommendations. This time lag shows that even though the PRAC did not hold hearings it still had a complicated task to complete. As per Lang’s directive, its first recommendation was to retain the Spiritwood line. The PRAC based its recommendation on the fact that the line was in an area with “a lot of potential” since it had both a stable population and the possibility of expansion.⁹⁵ Neither Cargill nor SWP made immediate promises to rebuild their elevators following this announcement despite the earlier indications their decision rested solely on knowing the long-term status of the line; but Pioneer Grain committed to upgrading the elevator

⁹¹ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, Chairman Fred Anderson, (Regina: Prairie Rail Action Committee, 1978), 2.

⁹² The representatives for the provinces were all farmers. Jack Gorr, from Three Hills, AB, William “Bill” Cooper from West Bent, SK, and Lorne Parker from Ste. Agathe, MB. Gorr represented farmers on the Alberta Grain Commission, and was also a member of the Palliser Wheat Growers, Alberta Rapeseed Association, and Alberta Wheat Pool. Cooper was a director of the Saskatchewan Rapeseed Growers Association. Parker was a director of the Canada Grains Council and farmer-elected member of the Advisory Committee for the Canadian Wheat Board. Lang’s choices for representatives are interesting since one of the AGC’s members had recently suggested the removal of statutory rates; a highly unpopular position with grain farmers across the prairies that drew swift criticism of the AGC. PWGA was a relatively new organization and opposed many of the positions that were popular with the majority of the farm community; most notably PWGA, much like the AGC, opposed the current structure of the Canadian Wheat Board and advocated for greater farmer individualism. Larry Kusch, “Lang names three farmers to the PRAC,” *Western Producer*, 21 July 1977; “Alberta Grain Commission skating on the wrong ice? Channon thinks otherwise,” *Western Producer*, 12 May 1977.

⁹³ “Anderson named new Prairie Rail Committee head,” *Western Producer*, 30 June 1977.

⁹⁴ “Spiritwood early priority,” *Western Producer* 4 August 1977.

⁹⁵ “Two sections of Spiritwood line added to basic network,” *Western Producer*, 22 December 1977.

that it had moved into the site.⁹⁶ Cargill later decided not to rebuild while SWP planned to follow Pioneer's example by moving an existing elevator into Spiritwood to support its other elevator.⁹⁷ The town had reported a downturn in its economy, including decreased house prices and business expansions, while the line was in limbo so it greeted the retention recommendation with relief. Although Bank of Nova Scotia manager Peter Cress predicted it would take another year before the economy truly rebounded.⁹⁸ In PRAC's final report it described the situation in Spiritwood as showing "the immediate advantage of the existence of PRAC."⁹⁹

Even though there was widespread support for the Hall Commission's recommendations within the prairies, those communities on lines it recommended for abandonment saw PRAC as a final chance to change their fate. Although it publicly discouraged these applications, PRAC's executive director Henry Ropertz noted, "it [was] possible recommendations on lines slated for abandonment will be made if those lines affect the viability of lines which the committee is empowered to consider."¹⁰⁰ The PRAC advised submitters not to duplicate any informational already submitted to the Hall Commission since its analysis used those records. It noted "over 90% of all submissions ... were identical to those presented to the GHTC [Hall Commission]."¹⁰¹

The PRAC's recommendations highlight how it continued the Hall Commission's balance between supporting the railways as private profit-driven businesses and supporting grain movement as a public good. Yet, it favoured the railways as profit-driven businesses working with the decentralized network of grain elevator delivery points that "impos[ed]... an element of unnecessary cost which lessens Canadian competitive capability."¹⁰² To improve the rail network, the PRAC recommended abandonment of sixty percent of the lines it considered and retention for the other forty percent.¹⁰³ As part of its explanation, it emphasized the efficiency of

⁹⁶ "Two sections of Spiritwood line added to basic network," *Western Producer*, 22 December 1977.

⁹⁷ "Two sections of Spiritwood line added to basic network," *Western Producer*, 22 December 1977.

⁹⁸ Doug Brunton, "Spiritwood line retention turns frowns around," *Western Producer*, 5 January 1977.

⁹⁹ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 3.

¹⁰⁰ "PRAC isn't interested in duplication Hall, but can use new info," *Western Producer*, 6 October 1977.

¹⁰¹ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 5.

¹⁰² Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 25.

¹⁰³ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 28.

switching to trucking and argued that branch lines did “not preserve small communities ... offer[ed] poor trains service, and frustrate[d] the movement of export grain.”¹⁰⁴

It favoured reducing costs and improving efficiency by consolidating both the rail network and delivery points rather than minimizing farmers’ hauling distances. Despite strong resistance from farmers to longer hauling distances, PRAC’s chair Fred Anderson argued that “longer hauls for some farmers are inevitable” as the railway network was modified “to get as close to an equitable system as possible.”¹⁰⁵ This inevitability was due to a decreasing number of elevators and the idea trucks moved grain with greater efficiency compared to rail on low volume grain lines, both of which encouraged branch line abandonment. Indeed, PRAC suggested that “voluntary and enforced hauls over 20 miles [would be] commonplace” after a decade.¹⁰⁶ PRAC’s final report demonstrates the internal contradictions of its process as it did not conceive of a future where there would be significant distances between grain delivery points as it felt “rail abandonments will not cause large scale new road ton miles to be created. Most grain moves to alternate lines with few extra road miles.”¹⁰⁷ Yet, it also recommended compensation to farmers “for every mile over 20 miles he is forced to haul because of abandonment which results from PRAC’s recommendation” as that distance marked the start of “significant system inequity.”¹⁰⁸ Still despite its praise of farmers’ willingness to engage with the process and emphasis on the benefits of trucking and a smaller rail network PRAC chairman Fred Anderson admitted “If I lost my branch line I’d fight for it too.”¹⁰⁹ Thus, the PRAC decisions although attempting to find the same balance between public good and private profit ultimately favoured private profits aligning it with the increasingly private profit-driven approach to structuring the grain handling and transportation system.

¹⁰⁴ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 28-29.

¹⁰⁵ Doug Brunton, “Still a glut of rail lines in PRAC chairman’s view,” *Western Producer*, 26 October 1978.

¹⁰⁶ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 19.

¹⁰⁷ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 11.

¹⁰⁸ Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 18.

¹⁰⁹ Doug Brunton, “Still a glut of rail lines in PRAC chairman’s view,” *Western Producer*, 26 October 1978; Prairie Rail Action Committee, *Prairie Rail Action Committee Report*, 6, 28.

Snavely Commission Report Volume Two

The Hall Commission's recommendation to continue the Crow rate not only maintained heavy regulation of grain freight rates but also required that the federal government continue either increasing its payments to the railways or force the railways to move grain at rates they considered ruinous. The Hall recommendations supported the long-term policy approach of regulating grain freight rates for the benefit of the prairies and their export-grain economy but this approach was counter to the increasingly popular focus on reduced regulation and government spending.

The second volume of Snavely Commission's report, tabled by Otto Lang on 10 February 1978, acted as a direct rebuttal to the Hall Commission's stance on the statutory rates.¹¹⁰ Under its term of reference "to assess the impact upon railway costs of moving grain under a series of different grain handling and transportation assumptions" the Snavely Commission examined the costs of the Hall Commission's proposed vision for the future of the prairie grain handling and transportation system.¹¹¹ The Snavely Commission's second volume ultimately reiterated its initial recommendations to end the rail line subsidies and abandon the Crow rate.¹¹² The report strongly rejected the concept of statutory rates and warned the Hall Commission's recommendation for their retention "[would] result in ever increasing Federal Government subsidy payments."¹¹³ Not only did the Snavely report recommend ending the Crow rate, an already highly unpopular position in the prairies, but it also questioned the benefits of the Crow rate, which challenged how the Crow rate fit into the popular historical consciousness of the settlement of the prairies. The Snavely report suggested the rates had encouraged the creation of the grain handling and transportation system with "little or no incentive for careful and systemic selection of the primary elevator and destination port combinations that minimize[d] the car-

¹¹⁰ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 3 (10 February 1978), 2744.

¹¹¹ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 1:3; Commission on the Cost of Transporting Grain by Rail [Snavely]. *Report on the Commission on the Costs of Transporting Grain by Rail*, vol. 2, Chief Commissioner Carl M. Snavely, (Ottawa: Queen's Printer, 1977), xi.

¹¹² Snavely Commission. *Report on the Commission on the Costs of Transporting Grain by Rail*, 2:xi-xii.

¹¹³ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 2:xxiii.

miles required to transport the annual grain volume.”¹¹⁴ By framing the Crow rate as hampering the creation of a more efficient system, the Snavely report directly contradicted the idea that the system, especially the grain handling system, although heavily influenced through farmer-owned cooperative grain handling companies, evolved to benefit farmers first rather than railways. The heavy regulation of railways, both in terms of line abandonment and freight rates, insulated farmers from standard market forces that, the Snavely report suggested, would have encouraged improvement of the system

The Snavely Commission’s second volume also argued that the Hall Commission had approached rail line abandonment too moderately to “effect a substantial and significant change” and recommended doubling the length of rail line abandoned.¹¹⁵ It recommended this increase because in its analysis implementing all the Hall Commission’s recommendations for abandonment did not provide high enough cost saving for the railways. It found that the Hall Commission’s recommendations for abandonment only decreased the railways’ gross revenue shortfall by eleven percent and even when all the lines allocated to the PRA were also abandoned the shortfall only dropped by sixteen percent.¹¹⁶ In short, the Snavely Commission argued that solving the problem of rising costs in grain handling and transportation required significantly more rail line abandonment and, more importantly, the end of the statutory rates so that the railways could operate as private businesses to make their own pricing decisions. Continuing the Crow rate undermined this goal as it removed financial incentives for the railways to maintain and improve their infrastructure and created a similar situation for grain handling companies in terms of their elevator networks. Snavely’s second report cast doubt on Hall’s report, leaving an impression that Hall took an outdated and unbusiness-like approach to restructuring the grain transportation and handling system.

The release of the second volume of the Snavely Commission’s report maintained the long-running debate over the Crow rate and further animated the regional tensions along with the ideological differences that divided farmers into business operators or community members. Since volume two essentially recommended opposite actions to those presented by prairie

¹¹⁴ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 2:156.

¹¹⁵ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 2:58.

¹¹⁶ Snavely Commission, *Report on the Commission on the Costs of Transporting Grain by Rail*, 2:103-105.

farmers, their organizations, rural residents, and governments during the Hall Commission's hearings it also stoked regional tensions between the prairies and the federal government; indeed, it encouraged the idea that the vision of the west, as articulated by the Hall Commission, was being ignored by an outsider. The criticisms of the second volume emphasized the uniqueness of the prairies; as Emmett Hall suggested Snavely's stance showed he "[was] an American unfamiliar with many western Canadian conditions."¹¹⁷ The *Western Producer's* editorial also blamed Snavely's American perspective for his failure to support the Crow rate.¹¹⁸ Progressive Conservative MP Don Mazankowski summarized the way many viewed the American Snavely compared to the Canadian Hall:

No doubt Snavely is an expert in the field of freight rates, and I would be the last to argue with his findings. I understand that his statistics and figures are reasonably accurate, but his conclusions are another matter. ... I do not believe that anyone can measure with any degree of accuracy the social and economic impact of the Crow rate and the impact of extension of that Crow rate sitting in a board room in the city of Washington. Quite frankly, I place my credence in the recommendations of Mr. Hall. He knows the west. He has visited practically every community in western Canada. He has talked to the people, to the grain companies and to the transportation companies, and he really understands not only the problems but also the social and economic impact of any major deviation or change in the transportation system.¹¹⁹

The federal government could not accept the Snavely recommendations without rejecting the Hall recommendations; yet, politically doing so risked the appearance of ignoring the West's proposed vision for its future, as articulated by Hall, in favour of imposing an American outsider's recommendations. The two commissions had failed to bring a consensus on the Crow rate, which as the Saskatchewan Agriculture Minister Edgar Kaeding told delegates to SWP's 1978 annual meeting, "under no circumstances is the Crow rate negotiable."¹²⁰ The only progression in the debate over the grain handling and transportation system was the general acceptance of some branch line abandonment on the understanding that recommendations for abandonment rested on improving the overall system while minimizing negative consequences

¹¹⁷ "'Yes' to Snavely means huge bill: Hall," *Western Producer*, 23 February 1978.

¹¹⁸ "Snavely, Hall and the Crow rate," *Western Producer* 23 March 1978.

¹¹⁹ Canada, Parliament, *House of Commons Debates*, 30th Parl, 3rd Sess, vol. 6 (5 June 1978), 6062.

¹²⁰ "Let Crow alone – Sask. Gov't stance," *Western Producer*, 23 November 1978.

for farmers and rural communities. Despite Emmett Hall's confidence that "the debate [was] over" in June 1978 the House of Commons transportation committee called him, along with PRAC's Fred Anderson, to answer questions about grain transportation and rail lines.¹²¹ The federal government, instead of making a decision on the Crow rate, continued examining the reports just as previous governments had done with the MacPherson Commission's recommendations. The debate over changing the prairie grain handling and transportation system had not reached a conclusion, and maintained the divide between those who supported government regulation of grain movement in the public good and those who supported reducing regulation and government payments to enhance private profits. With the tabling of the Commissions' reports, the debate remained over the same ideological divide that had prompted the federal government to call the two commissions in the first place.

Conclusion

While the federal government may have intended the Hall and Snavely Commissions to provide the definitive recommendations on the future of the grain handling and transportation system, their reports challenged each other, failed to reach a consensus, and did little to dampen the divisive nature of the Crow rate debate. The Hall Commission struck a balance between treating the railways as for-profit businesses and a public service to move grain. It tried to improve the efficiency of the rail network in a way that lowered costs but did not significantly disadvantage farmers and rural communities. The Snavely Commission focused on the costs of the system and prioritized lowering the railways' costs while modifying the system to have decisions driven by monetary incentives. Indeed, Emmett Hall and Carl Snavely themselves publicly continued the debate over the Crow rate so that it was undeniably clear that not only did their reports conflict but that their visions were so opposite they could not be reconciled.

The question of what to do with the statutory rate—should the Crow rate remain, remain in an altered form, or end altogether—was an integral part of the Commissions' mandates. The federal government needed to have a firm and unified decision on the statutory rate before it could take any action related to it as the west so strongly supported the statutory rate. The conflicting findings of the two commissions, especially the second volume of the Snavely report,

¹²¹ Fred Anderson quoted in "'Yes' to Snavely means huge bill: Hall," *Western Producer*, 23 February 1978; "Three answer grain queries," *Western Producer*, 29 June 1978.

did not settle the question of the Crow rate. Instead, this conflict encouraged continued debate over the statutory rate.

Although supporters of the Crow rate considered the Hall Commission as providing the final word on keeping the Crow it was clear by 1978 that the federal government was still unwilling to fully embrace the Commission's recommendations. Indeed, the federal government's overall cautious actions on the Hall recommendations continued the pattern from the 1961 MacPherson Commission; the debate over the Crow rate remained politically fraught so the federal government delayed making a decision that had potentially negative electoral consequences. Instead, the federal government implemented small recommendations focusing on the branch line network where changes affected local communities and did not have the same prairie-wide defense as the retention of the Crow rate. Branch line abandonment and its associated elevator network consolidation was not only a local issue but one which the railways and the grain handling companies, including the farmer-owned cooperatives, supported and had been slowly working on prior to the calling of the Hall and Snavely Commissions. Thus, for the federal government to support network consolidation was low risk as it was already slowly occurring in the prairies. For the Crow rate, the federal government continued further assessing the grain handling and transportation network so that the situation remained much as it had been prior to the calling of the Hall and Snavely Commissions.

Despite the lack of formal action, the heated and lengthy debates, along with piecemeal adjustments encouraged fissures in the agricultural community. The Hall commission had represented a unified expression of the west's vision for its future, but that uniformity was beginning to erode by the end of the decade. Farmers, like those in Spiritwood, did not unwaveringly support the Pools, as their elevator closures helped dampen farmers' connections to the organization, and some began to identify more readily with financial benefits promised in the deregulated perspectives offered by groups like the Palliser Wheat Growers Association. The shift toward commodity-specific organizations instead of united farmer groups helped to deepen these fissures as farmers specialized their production between grain or livestock. For instance, the Alberta Cattle Commission suggested the Crow rate cost "Alberta livestock producers more than \$85 million a year."¹²² It urged the removal of the Crow rate without acknowledging such

¹²² Adrian Ewins, "Crow rate costs Alta. Cattlemen \$85 million: study," *Western Producer*, 29 June 1978.

an action did not benefit grain producers. By the end of the 1970s, the continued uncertainty over the long-term structure of the grain handling and transportation system due to the federal government's indecision precipitated the erosion of a majority consensus on maintaining the Crow rate.

Chapter Eight: Ending the Crow rate, 1979-1983

The short but tumultuous period between the 1979 federal election and the end of the legislation known as the Crow rate in 1983, witnessed dramatic changes to the conversation about grain transportation payments. The railways had long argued that they could not move grain profitably, which prevented them from maintaining or improving existing lines. This deterioration became the impetus for a different system, as there was wide-spread acceptance that rail transportation could not remain unchanged lest the deteriorating service jeopardize the movement of grain and other exports. Farmers and farm organizations slowly accepted that the federal government intended to change the Crow rate—though *how* to change it remained a contentious conversation. The conversations in this period reflected the intensified politicization of the issue as organizations, political parties, provinces, and communities shifted allegiances jockeying for better positions in the post-Crow rate landscape. This chapter provides a brief discussion of the events between 1979 and 1983 and highlights how the end of the Crow rate set the stage for a new course for agricultural communities, and for discussions about western alienation among farmers. An important source in this chapter is Arthur Kroeger’s memoir *Retiring the Crow Rate: A Narrative of Political Management*.¹ As the deputy minister of Transport, Kroeger was a key engineer of the three-year process that unfolded between 1979 and 1983 to end the Crow rate legislation. His memoir gives an insider’s blow-by-blow account of the process providing essential insight into the behind-the-scenes government process and is the most fully-focused account of this period of the end of the Crow rate.²

¹ Arthur Kroeger, *Retiring the Crow Rate: A Narrative of Political Management*, (Edmonton: University of Alberta Press, 2009)

² Ted Turner discusses the Crow rate debates in his memoir but provides a broad overview of the debate within the context of his positions in the Saskatchewan Wheat Pools rather than a play-by-play account of what happened inside the SWP. E. K. (Ted) Turner, *Beyond the Farm Gate: The Story of a Farm Boy who Helped Make the Saskatchewan Wheat Pool a World-Class Business*, (Regina, University of Regina Press, 2014).

Discussions of the end of the Crow rate appear within texts on Canadian agriculture but most often as part of larger narratives for example see: Paul Earl, *The Rise and Fall of United Grain Growers* (Winnipeg: University of Manitoba Press, 2019); Carrol Jaques, *Unifarm: A Story of Conflict and Change* (Calgary: University of Calgary Press, 2001); Ian MacLachlan, *Kill and Chill: Restructuring Canada’s Beef Commodity Chain* (Toronto: University of Toronto Press, 2001); Andrew Schmitz and Hartley Furtan, *The Canadian Wheat Board: Marketing in the New Millennium* (Regina: Canadian Plains Research Centre, 2000); Grace Skogstad, *The Politics of Agricultural Policy-Making in Canada*, (Toronto: University of Toronto Press, 1987); William Morriss, *Chosen Instrument: A History of the Canadian Wheat Board: The McIvor*

In 1979 the federal election unseated the Liberals and the Progressive Conservative Party formed a minority government. In Saskatchewan the Liberal Party lost all their seats, including that of Transport Minister Otto Lang, who lost to a New Democrat, Robert Ogle.³ Reflecting on the importance of grain movement in the prairies, the new Progressive Conservative Prime Minister, Joe Clark, promised during the election campaign that his government would “increase Canada’s grain handling capacity by 50 per cent” as a solution to problems with slow delivery of grain to ports and grain jams at country elevators.⁴ He also promised prairie voters “it would be fundamental to Tory policy that benefits of the statutory rates remain[ed] in place” and that his

Years (Winnipeg: The Canadian Wheat Board, 1987); Michael J. Laslovich, “Changing the Crow Rate: The Politics of Western Grain,” *American Review of Canadian Studies* 16, no. 3 (1986): 313-326; James D. Forbes, *Institutions and Influence Groups in Canadian Farm and Food Policy* (Toronto: Institute of Public Administration of Canada, 1985); W. G. Waters, “Transportation Policies and the Western Transition.” *Canadian Public Policy* 11 (1985): 339-343; Kenneth H. Norrie, “Not Much to Crow About: A Primer On The Statutory Grain Freight Rate Issue,” *Canadian Public Policy* 9, no. 4 (1983): 434-445.

Economists have written many of the works on the Crow rate so there is a focus on the financial aspects rather the policy and ideological debates between the various parties involved in the Crow rate debates. Many economists focus on the 1983 end of the Crow rate by examining questions around the effects of the Crow rate’s removal and considerations for future changes to grain transportation. Some examples of this literature include: Darcie Doan, Brian Paddock, and Jan Dyer, “The Reform of Grain Transportation Policy and Transformation in Western Canadian Agriculture,” in *Policy Reform and Adjustment in the Agricultural Sectors of Developed Countries*, eds. David Blandford and Berkeley Hill (Cambridge: CABI, 2006), 163-174; H. Bruce Huff, “The Changing Role of Public Policy in Canadian Agriculture,” *American Journal of Agricultural Economics* 79, no. 5 (1997): 1401-1409; K. K. Klein, and W. A. Kerr. “The Crow Rate Issue: A Retrospective on The Contributions Of The Agricultural Economics Profession In Canada.” *Canadian Journal of Agricultural Economics* 44, no. 1 (1996): 1-18; James Vercammen, “An Overview of Changes in Western Grain Transportation Policy,” *Canadian Journal of Agricultural Economics* 44, no. 4 (1996): 397-402; E. W. Tyrchniewicz, “Western grain transportation initiatives: where do we go from here?” *Canadian Journal of Agricultural Economics* 32, no. 2 (1984): 253-268; J. Nagy, W. Hartley Furtan, and S. N. Kulshreshtha, *The Canadian Wheat Economy: Economic Implications of Changes in the Crowsnest Pass Freight Rates. No. 79*. (Saskatoon: Department of Agricultural Economics, University of Saskatchewan, 1979); S. N. Kulshreshtha and D. G. Devine, “Historical Perspective and Propositions on the Crowsnest Pass Freight Rate Agreement,” *Canadian Journal of Agricultural Economics* 26, no. 2 (1978): 72–83.

³ Dennis Gruending, “Ogle, Robert Joseph ‘Bob’ (1928–1998),” in *Saskatchewan Politicians: Lives Past and Present. Saskatchewan Lives Past and Present*, ed. Brett Quiring, (Regina, Saskatchewan: Canadian Plains Research Center, 2004), 183–184.

⁴ Mary Trueman, “Tories would boost grain handling to 30 million tons, Clark says,” *Globe and Mail*, 19 April 1979.

party “would honor the spirit of the Hall Royal Commission.”⁵ Clark promised to follow the vision of the grain handling and transportation system embraced by the prairies. Cementing this promise, Clark appointed Alberta MP Don Mazankowski as Transport Minister in his minority government. A *Globe and Mail* description of Mazankowski highlighted both his agricultural background and strong friendship with Jack Horner, who was a strong defender of the Crow rate, suggesting his appointment was part of “Clark’s campaign to alleviate Western alienation over such things as grain transport.”⁶

The specter of the grain handling system’s threat to Canada’s market share loomed large for the Clark government just as it had for its predecessor. Since the Soviet Union experienced poor crops again in the spring of 1979, members of the grain trade anticipated increasing demand for Canadian grain; United Grain Growers’ analyst Peter Perkins predicted that it would be the “most ‘exciting and explosive’ period since 1974.”⁷ The need to maintain and improve the speed of grain movement was a pressing concern for the Clark government, but also an opportunity to strengthen political ties with prairie voters and appease the sense of alienation from the political power of Ottawa created by its treatment of the Hall Commission’s recommendations.

Clark appointed three western MPs to an Emergency Grain Movement Task Force in the summer of 1979 to examine how to improve handling and transportation.⁸ Reflecting on its creation, the Task Force later explained that the government needed to address grain movement because “Canada did not keep pace with the growth in world trade because its handling and transportation capability was limited.”⁹ Building from the Task Force, Transport Minister Mazankowski created the position of Grain Transport Coordinator to fix the problem of slow grain movement for the long-term. Mazankowski appointed Hugh Horner, who had been both Alberta’s Minister of Agriculture and Minister of Transport in the Lougheed government, to start

⁵ Mary Trueman, “Tories would boost grain handling to 30 million tons, Clark says,” *Globe and Mail*, 19 April 1979.

⁶ Wayne Cheveldayoff, “Maz: A Tough Front-Line Fighter in Joe Clark’s Western Strategy,” *Globe and Mail*, 23 August 1979.

⁷ Roger Newman, “New boom in grain demand forecast,” *Globe and Mail*, 20 June 1979.

⁸ The MPs were Jack Murta, William Knight and Stan Schellenberger from Manitoba, Saskatchewan, and Alberta respectively. “90-day freeze on abandoning Prairie rail lines,” *Globe and Mail*, 13 July 1979; Government of Canada, *Final Report Emergency Grain Movement Task Force, October 30, 1979*, (Ottawa: Department of Industry, Trade and Commerce, 1979), 4.

⁹ Government of Canada, *Final Report Emergency Grain Movement Task Force, October 30, 1979*, 3.

this role on October 15, 1979.¹⁰ In this position, Horner had the power to allocate rail cars throughout the system to ensure maximum efficient movement.¹¹ This move also gave at least the appearance of political power rooted in the west as Horner himself was an Albertan.

Despite these changes, the Saskatchewan Government and Saskatchewan Wheat Pool (SWP) both raised concerns that the new Grain Transport Coordinator created another layer of bureaucracy rather than addressing the short fall in rail cars and the related concerns about capacity created by the railways' unwillingness to upgrade and expand their rail car fleets.¹² Horner himself suggested that one of his first tasks was to discover how many rail cars were "available on a constant basis for grain hauling."¹³ The need for more grain cars led Mazankowski to get the prairie provinces to purchase their own fleets of cars to increase the available grain cars in the rail system. These purchases Mazankowski said showed the provinces' investment in "the new spirit of co-operation between the federal and provincial governments," further underlining the issue as one of politics and ideology.¹⁴

Mazankowski also convinced the Canadian Wheat Board to use grain sales earnings to purchase cars to further increase the transportation capacity.¹⁵ By emphasizing cooperation Mazankowski demonstrated that the Clark government was working with the prairies over issues of grain movement rather than attempting to enforce changes on them as the previous Liberal government had done.¹⁶ The focus on improving grain movement was a relatively easy political promise to western farmers, but keeping grain moving reliably was part of a larger strategy for

¹⁰ Jeff Sallot, "Hugh Horner accepts key \$75,000 federal grain job," *Globe and Mail*, 25 September 1979; "Dr. Horner's Vital Task," *Globe and Mail*, 25 September 1979; Skogstad, *The Politics of Agricultural Policy-Making*, 135, 213.

¹¹ Skogstad, *The Politics of Agricultural Policy-Making*, 213; "Dr. Horner's Vital Task," *Globe and Mail*, 25 September 1979.

¹² Donald Humphries, "Saskatchewan wants the control of grain cars to stay with the board," *Globe and Mail*, 15 September 1979.

¹³ "Horner ties freight rate moves to co-operation from railways," *Globe and Mail*, 6 October 1979.

¹⁴ Don Mazankowski quoted in "Mazankowski sees new spirit of co-operation," *Globe and Mail*, 13 October 1979; "Minister will ask railways to buy cars," *Globe and Mail*, 1 August 1979; "Saskatchewan to buy 1,000 hopper cars," *Globe and Mail* 6 October 1979.

¹⁵ James Rusk, "Upgraded rail lines needed to move grain," *Globe and Mail*, 1 October 1979; Kroeger, *Retiring the Crow Rate*, 19. Descriptions of the rail cars purchased by the CWB, the federal government, and the provincial governments appear in Canadian Wheat Board, *Canadian Wheat Board Annual Report 1980/81* (Winnipeg: Canadian Wheat Board, 1982), 1.

¹⁶ "Mazankowski sees new spirit of co-operation," *Globe and Mail*, 13 October 1979.

maintaining Canada's position in the international grain market. But, like the Liberals who preceded them, the Clark government avoided making contentious decisions about grain transportation payments that might threaten to derail their political momentum.

Yet, neither the farm community nor prairie political leaders were as united on the question of the Crow rate by the time the Conservatives came to power in 1979. Arthur Kroeger argues that prairie MPs knew about this fragmentation and “urged the Crow issue be addressed.”¹⁷ Indeed, Saskatchewan New Democrat Lorne Nystrom put forward a motion for “this House [to] express its disapproval” that Mazankowski and other MPs were suggesting the removal of the Crow rate despite the recommendations of the Hall Commission, which had recommended its retention.¹⁸ Manitoba Progressive Conservative MP Jack Murta, who Kroeger identifies as being supportive of changing the Crow rate, publicly suggested that the federal government would study the Crow rate again despite supporting the retention of low freight rates for farmers (often called the Crow benefit) and improved funding for the railways.¹⁹

A strong sign of crumbling unity in the agricultural community was that a year previous, in 1978, Jim Deveson, president of Manitoba Pool Elevators, described the Crow rate as “not realistic” due to rising inflation.²⁰ Building from the point that the railways refused to invest in the grain transportation system, Deveson proposed that “if we can be assured of better service, then I think we should pay for it.”²¹ The idea that farmers might stop defending the Crow rate if they got better rail service was not new as the Palliser Wheat Growers Association (PWGA) had raised it during the Snavely Commission's hearings in 1976. However, for the president of one of the Prairie Pools to suggest it was more significant since there was long standing and unified position among Pools in their decades-long defense of the Crow rate. Kroeger recounts that

¹⁷ Kroeger, *Retiring the Crow Rate*, 18.

¹⁸ Canada, Parliament, *House of Commons Debates*, 31st Parl, 1st Sess, vol. 2 (12 November 1979), 1178.

¹⁹ “Crow's Nest rates to be studied,” *Globe and Mail*, 4 October 1979; Kroeger, *Retiring the Crow Rate*, 18, 155.

²⁰ Jim Deveson quoted in Paul Sullivan, “Grain co-op finds image of corp. giant problem,” *Winnipeg Free Press*, 5 August 1978.

²¹ Jim Deveson quoted in “Wheat Pool proposes hopper car incentives,” *Globe and Mail*, 28 November 1979.

Manitoba Pool members were so infuriated by Deveson's comments they "hanged [him] in effigy."²²

While Deveson officially represented the farmer-owned grain cooperatives, grassroots farmers' organizations were also beginning to publicly show divisions over the Crow rate. These divisions appeared first in Alberta's Unifarm, which had expanded into "an umbrella organization" of both individual members and other agricultural commodity organizations including the Alberta Wheat Pool, United Grain Growers, and various livestock associations like the Western Stock Growers, to become the largest farm organization in Alberta.²³ During the Hall and Snavelly Commissions Unifarm supported the retention of the Crow rate. With its membership from both grain and livestock farmers, it had been supportive of the Hall Commission, which had not only recommended keeping the Crow rate but proposed expanding it to livestock and encouraging the development of the prairie economy beyond primary agricultural production. Thus, when Unifarm delegates failed to agree on a transportation policy, it highlighted a strong division between livestock and grain farmers. Although, as Tom Thurber, president of the Alberta Cattle Commission (ACC), which had joined Unifarm in 1978 with the express intention of strengthening its "lobbying voice," argued the failure to agree was part of the process of finding a solution to the extremely contentious topic.²⁴ Echoing sentiments of western alienation, which had manifested into expressions of agricultural grievances, he stressed "that [government] will give a patch-work, band-aid solution. The solution has to come from producers, not government."²⁵

Not only were there growing tensions between grain and livestock producers but division among grain producers was also becoming more apparent. During the Hall and Snavelly Commissions the PWGA had been in the minority for suggesting changes to the Crow rate, yet

²² Although Kroeger attributes the effigy burning to Deveson's comments on the Crow rate, articles in the *Brandon Sun* report that farmers from Cardale, Manitoba, angry that the Manitoba Pool was accepting the closing of their branch line, burnt the effigy at the closing ceremony for their local elevator. Kroeger, *Retiring the Crow Rate*, 18; Russ Shaw, "Pool irks Cardale producers," *Brandon Sun*, 16 November 1978; Russ Shaw, "No one is fighting for farmers, Stewart says," *Brandon Sun*, 20 November 1978.

²³ Jaques, *Unifarm*, 207; "New Unifarm chief named," *Lethbridge Herald*, 11 January 1978.

²⁴ Paul Bilodeau, "Cattlemen under Unifarm umbrella," *Medicine Hat News*, 17 January 1978.

²⁵ Tom Thurber quoted in Ric Swihart, "Unifarm fails to agree on transportation policy," *Lethbridge Herald*, 12 January 1979.

by 1979 more commodity-specific producer groups, such as the recently formed Western Barley Growers Association, began supporting the PWGA's position.²⁶ As part of the Prairie Farm Commodity Coalition, the PWGA along with several other grain and livestock organizations, announced they would campaign to end the Crow rate.²⁷ The group proposed quadrupling the existing Crow rate and it anticipated that the new rate would encourage "more jobs and development" on the prairies.²⁸ To address the added cost to farmers from this increase the group recommended that the federal government refund the difference between the current and proposed rate to farmers based their acreage.²⁹ While this proposal demonstrated a solution that the newly formed Coalition's grain and livestock members both agreed on, it also challenged the idea that any change to the Crow rate needed to treat all farmers equally. By privileging acreage, which favoured larger farms that tended to be concentrated in the southern dry-land areas of the prairies, the Prairie Farm Commodity Coalition engaged with the larger shift toward viewing farms strictly as businesses, where larger farms deserved to receive larger benefits. Additionally, the idea of payments on an acreage basis rather than individual basis reflected the business ideal of votes based on share holdings rather than the democratic one person one vote approach. Since the prairie grain handling cooperatives held that all members were equal, a farmers' organization arguing for treatment based on farm size also created another point of division with the agrarian community.³⁰

A critical sign that the prairie agrarian organization's defense of the Crow rate was softening appeared at the 1979 Western Agricultural Conference (WAC) meeting. WAC provided a unified position from the prairies as its membership "comprised the three provincial umbrella organizations [Unifarm, Saskatchewan Federation of Agriculture, and Manitoba Farm Bureau] and—because of their importance in western agriculture—the three Pools and the

²⁶ The Western Barley Growers Association formed in 1977. For more discussion of its formation see Jaques, *Unifarm*, 215-216.

²⁷ The Prairie Farm Commodity Coalition members were the PWGA, the Western Barley Growers, Flax Growers of Western Canada, Canadian Cattlemen's Association, the Canola Council, and the Saskatchewan Stock Growers. Alex Binkley, "End to Crow rate urged," *Winnipeg Free Press*, 8 December 1979; Jaques, *Unifarm*, 215; William D. Coleman, *Business and Politics: A Study of Collective Action*, (Montreal: McGill Queen's University Press, 1988), 111.

²⁸ Binkley, "End to Crow rate urged," *Winnipeg Free Press*, 8 December 1979.

²⁹ Binkley, "End to Crow rate urged," *Winnipeg Free Press*, 8 December 1979.

³⁰ Paul Sullivan, "Grain co-op finds image of corp. giant problem," *Winnipeg Free Press*, 5 August 1978.

United Grain Growers.”³¹ Unifarm brought its Crow policies to the WAC meetings where the divisions over the Crow rate between farm organizations continued since, as historian Carol Jaques notes, livestock organizations helped shape Unifarm’s Crow rate policies beyond the comfort of Manitoba and Saskatchewan organizations.³² In 1979, the WAC publicly shifted its position from opposing any change to the Crow rate to being “prepared to enter into a consultative process with the federal and provincial governments aimed at developing a policy of an adequate and more equitable transportation service for prairie-produced agricultural commodities ... [including] a compensatory rate policy for the railways.”³³ In short, the WAC members were signaling that not only were they open to discussing how to change the transportation system but that the Crow rate was now on the table for discussion too. Despite being a member, the Saskatchewan Wheat Pool remained adamantly opposed since “the vast majority of farmers in Saskatchewan are not conceding anything on the Crow rate question” according to SWP President Ted Turner.³⁴ Yet, the fact that SWP ultimately agreed to the statement signaled that it was willing to discuss the issue despite its firm stance.³⁵

The 1980 meeting for the WAC marked a public shift within the agricultural community as the SWP made its support for revising the Crow rate public through its support of a WAC motion for the government to review the Crow rate to make it compensatory for the railways.³⁶ Thus, the agricultural organizations represented in the WAC had a united public stance that the government had to compensate railways for “the true costs of moving grain” but they emphasized that federal funding had to pay the difference between the “compensatory rate” and the Crow rate.³⁷ Turner recounts recognizing that the SWP had to support the position as “it was essential that railway capacity be expanded and for the railroads to become enthusiastic in doing their job.”³⁸ Canadian National and Canadian Pacific Railways found the WAC position a

³¹ Kroeger, *Retiring the Crow Rate*, 28.

³² Jaques, *Unifarm*, 249.

³³ Western Agricultural Conference statement quoted in “Crow Rates Divide Agricultural Meeting,” *Winnipeg Free Press*, 27 January 1979.

³⁴ Ted Turner quoted in “Freight splits delegates at agricultural meeting,” *Lethbridge Herald*, 26 January 1979.

³⁵ “Crow Rates Divide Agricultural Meeting,” *Winnipeg Free Press*, 27 January 1979.

³⁶ The transportation policies accepted at the 1980 meeting came from Unifarm. Jaques, *Unifarm*, 249.

³⁷ “Farm groups resolve tough freight rate issues with ease,” *Brandon Sun*, 26 January 1980; “Railways acclaim Crow consensus,” *Lethbridge Herald*, 29 January 1980.

³⁸ Turner, *Beyond the Farm Gate*, 149.

positive sign. As CNR spokesman Jack Skull argued, “Grain producers cannot expect railways to continue subsidizing the grain industry at the expense of all other industries.”³⁹ Emphasizing the Crow Rate as a subsidy, rather than a federal promise, further widened the conversation on what approach was responsible or in the best interests of the public good.

Mazankowski had promised that the Crow rate would remain untouched until “broadly-based consensus” emerged among farmers. But before the Clark government could act on the matter, it was defeated in an election and the Trudeau Liberals returned to form government in 1980.⁴⁰ In the prairies, the Liberals won only two seats; both urban ridings in Winnipeg. Alberta retained its Progressive Conservative sweep while Saskatchewan elected two more NDP candidates than it had in the 1979 election, leaving it with an equal number of Progressive Conservatives and New Democrats to represent it in the House of Commons.⁴¹ With very limited representation in the West, Trudeau appointed Senators from BC (Ray Perrault), Alberta (Bud Olson), and Saskatchewan (Hazen Argue) to provide western representation. Despite these strategic appointments Kroeger argues that it “did not materially increase the legitimacy of his government in the eyes of westerners.”⁴² Both Olson and Argue were converts to the Liberal party from the right-wing Social Credit Party and left-wing Cooperative Commonwealth Federation (CCF), respectively, who Kroeger argues supported retention of the Crow rate because of their prairie populist roots.⁴³ Trudeau appointed Argue Minister Responsible for the

³⁹ “Railways acclaim Crow consensus,” *Lethbridge Herald*, 29 January 1980.

⁴⁰ “Mazankowski wants farmers to agree on Crow,” *Lethbridge Herald*, 25 January 1980. For a brief overview of the federal election see Stephen Clarkson, “1980: Hiding the Charisma: Low-Bridging the Savior” in *The Big Red Machine: How the Liberal Party Dominates Canadian Politics* (Vancouver: UBC Press, 2005), 87-105; Robert Bothwell, “Elections of 1979 and 1980,” *The Canadian Encyclopedia*, 2 September 2015.

<https://www.thecanadianencyclopedia.ca/en/article/elections-of-1979-and-1980-feature>

⁴¹ Surveys and Mapping Branch, Department of Energy, Mines and Resources, “Results of the 32nd Federal Election, February 18, 1980,” in *National Atlas of Canada*, 5th ed. (Ottawa: Natural Resources Canada, 1980) <https://open.canada.ca/data/en/dataset/15629d81-5020-5932-957f-afda9bfa669>

⁴² Kroeger, *Retiring the Crow Rate*, 34.

⁴³ Kroeger, *Retiring the Crow Rate*, 46; Dwayne Yasinowski, “Hazen Argue” in *Saskatchewan Agriculture: Lives Past and Present*, ed. Lisa Dale-Burnett (Regina: Canadian Plains Research Centre, 2006), 6-7; Grace Skogstad, “The Farm Products Marketing Agencies Act: A Case Study of Agricultural Policy,” *Canadian Public Policy* 6, no. 1 (1980): 89-100; “The Honourable H. A. “Bud” Olson, P. C.,” Legislative Assembly of Alberta, accessed 9 July 2020, <https://www.assembly.ab.ca/lao/library/lt-gov/b-olson.html>; A. W. Johnson, *Dream No Little Dreams: A Biography of the Douglas Government of Saskatchewan, 1944-1961* (Toronto: University of Toronto Press, 2004).

Canadian Wheat Board while Olson become Minister of State for Economic Development—both portfolios related to the Crow rate issue. The contentious issue posed little threat to their already long political careers and the baggage that came with long-time political engagement. The responsibility for Transportation went to Quebec MP Jean-Luc Pepin. Kroeger suggests that as Transport Minister Pepin decided to focus on the issue of the Crow rate because as “a major policy issue” he found it more interesting than “the ‘nitty gritty’ matters” that were the majority of transportation issues.⁴⁴

The Crow rate was not simply an agricultural issue because the cost of moving grain had a domino effect on other railway services; essentially the railways’ position was that they could not upgrade their systems due to their losses on grain movement. Without upgrades, the rail system would not only struggle to handle grain but other exports as well, thus compromising the whole Canadian economy.⁴⁵ The railways’ unwillingness to upgrade their systems was public knowledge by 1980. CPR Vice-President William Stinson, for example, stated that it would not finance upgrades in the Selkirk Mountains “without assurances that it [would] not have to continue suffering ‘heavy losses’ on its grain shipments.”⁴⁶ The railways’ position combined with the shifting conversation on the Crow rate in prairie agricultural organizations encouraged Pepin. Indeed, when he announced that CNR was making a significant investment in upgrading its rail lines through the mountains to improve the speed of rail service, Pepin tied it to the issue of grain freight rates, explaining at a news conference “the time has come to tackle the Crow rate question.”⁴⁷ As with the previous government’s attempts to tackle the Crow rate debate, Pepin’s approach began with consulting as “sample [of] western authorities” with the idea that it might lead to another review of the statutory rate structure.⁴⁸ Pepin’s Liberal predecessor Otto Lang, who had moved to an executive position with Pioneer Grain Company, quipped that instead of a review “what’s needed now is a selling job” if the federal government was to successfully change the Crow rate.⁴⁹

⁴⁴ Kroeger, *Retiring the Crow Rate*, 23.

⁴⁵ For greater discussion of this argument see Kroeger, *Retiring the Crow Rate*, 22-25.

⁴⁶ “CP Rail halts deal until rates revised,” *Globe and Mail*, 16 May 1980.

⁴⁷ Tracey Taylor, “Double-tracking target 605 miles by ’88: Pepin,” *Brandon Sun*, 17 March 1980.

⁴⁸ Canada, House of Commons, Standing Committee on Transport, 32nd Parl, 1st Sess, vol. 1 (5 June 1980), 3:17.

⁴⁹ Otto Lang quoted in Jack Francis, “Royal Commission to Study Crow Rate?” *Winnipeg Free Press*, 14 March 1980.

The sales job did not begin in earnest until 1982 since, as political scientist Grace Skogstad points out, the federal government was preoccupied with the National Energy Program (NEP) and constitutional reform in particular repatriating the constitution from Britain to give Canada control of the constitution and entrenching the Charter of Rights and Freedoms.⁵⁰ The NEP was a federal program that intended to remove Canada's dependence on oil imports, provide a "Made-in-Canada [oil] price which is well below international levels", and increase Canadian ownership in the energy industry.⁵¹ In his memoir of the Crow rate debate Kroeger describes

⁵⁰ Skogstad, *The Politics of Agricultural Policy-Making*, 135. For greater discussion of constitutional reform and the Trudeau government see: Gil Remillard, "The Constitution Act, 1982: An Unfinished Compromise," *American Journal of Comparative Law* 32, no. 2 (1984): 269-281; Guy Laforest, *Trudeau and the End of a Canadian Dream*, trans. Paul Leduc Browne and Michelle Weinroth (Montreal: McGill-Queen's University Press, 1995); George Egerton, "Trudeau, God, and the Canadian Constitution: Religion, Human Rights, and government Authority in the 198 Constitution," in *Rethinking Church, State and Modernity: Canada Between Europe and America*, eds. David Lyon and Marguerite Van Die (Toronto: University of Toronto Press, 2000), 90-112; Frédéric Bastien, *The Battle of London: Trudeau, Thatcher, and the Fight for Canada's Constitution*, trans. Jacob Homel (Toronto: Dundun Press, 2014); Christian Leuprecht and Peter H. Russel, eds., *Essential Readings in Canadian Constitutional Politics* (Toronto: University of Toronto Press, 2011) especially parts 6 and 7; Lois Harder and Steve Patten, eds. *Patriation and Its Consequences: Constitution Making in Canada*, (Vancouver: UBC Press, 2016).

⁵¹ Allan MacEachen, *The Budget 1980* (Ottawa: Department of Finance, 1980), 7, 11. The National Energy Program was controversial and there is a large body of scholarship on it see for example John Helliwell and Robert N. McRae, "The National Energy Conflict," *Canadian Public Policy* 7, no. 1 (1981): 15-23; John Helliwell, Mary MacGregor, and Andre Plourde, "The National Energy Program Meets Falling World Oil Prices," *Canadian Public Policy* 9, no. 3 (1983): 284-296; Larry Pratt, "Energy, Regionalism and Canadian Nationalism," *Newfoundland Studies* 1, no. 2 (1985): 175-199; G. Bruce Doern and Glen Toner, *The Politics of Energy: The Development and Implementation of the NEP* (London: Routledge, [1985] 2019); Barbara Jenkin, "Reexamining the 'obsolescing bargain': A Study of Canada's National Energy Program," *International Organization* 40, no. 1 (1986): 139-165; Patrick James and Robert Michelin, "The Canadian National Energy Program and Its Aftermath: Perspectives on an Era of Confrontation," *American Review of Canadian Studies* 19, no. 1 (1989): 59-81; Robert Cairns, "Natural Resources and Canadian Federalism: Decentralization, Recurring Conflict, and Resolution," *Publius* 22, no. 1 (1992): 55-70; Tammy Nemeth, "Pat Carney and the Dismantling of the National Energy Program," *Past Imperfect* 7, no. 1 (1998): 87-123; Henry C. Klassen, *A Business History of Alberta* (Calgary: University of Calgary, 1999); Tammy Nemeth, "Conflicting Visions: Pierre Trudeau, External Affairs, and Energy Policy," in Greg Donaghy and Michael K. Carroll, eds. *In the National Interest: Canadian Foreign Policy and the Department of Foreign Affairs and International Trade, 1909-2009* (Calgary: University of Calgary Press, 2011): 155-180; Monica Gattinger, "A National Energy Strategy for Canada: Golden Age or Golden Cage of Energy Federalism?" in *Canada: The State of the Federation 2012: Regions, Resources, and Resiliency*, eds. Loleen Berdahl, André Juneau, and Carolyn Hughes Tuohy (Montreal: Institute of Intergovernmental Regions, 2015), 39-69.

how he and Pepin struggled to convince the cabinet to support their work on the Crow rate; a key concern was a lack of support from the prairies so the WAC policy toward the Crow rate became the basis for their proposal.⁵² At the 1980 SWP Annual Meeting, delegates voted 122 to 22 in support the WAC's policy on the Crow rate with the understanding that the SWP would support farmers paying the current statutory rate with the difference made up by the federal government.⁵³ Yet the SWP's policy shift on the Crow did not convince the cabinet, which remained concerned about the level of political support in the prairies and the effect of any action on the Crow rate on the constitutional reform attempts.⁵⁴ Kroeger argues that despite widespread acknowledgement of deteriorating rail service, rising concerns from non-agricultural shippers over decline in their rail services, and pressure from both the WAC and the three Prairies Pools to fix poor rail service by addressing the Crow rate, what finally allowed Pepin to proceed was the belief it would cost the government more to retain it.⁵⁵ A pillar of the sanctioned approach to the Crow rate was that grain farmers had to pay more for freight as the federal government did not want to pay the entire difference between what the railways required and the contemporary Crow rate.⁵⁶

Despite the support of the cabinet and other federal government departments, Kroeger and Pepin realized that securing wide-spread support from the prairies required more engagement to make the various organizations and their members feel heard in the process. As this issue had played out historically, the Liberals did not have a strong track record in the west, and with farmers in particular. Equally concerning for Pepin and Kroeger was the provincial election of the New Democratic Party under Howard Pawley in Manitoba since it "shifted the balance" as two out of the three prairie provincial governments now supported retaining the Crow rate as did the federal NDP.⁵⁷

Farm organizations were also wary of the Liberal proposals. Pepin recognized that support had already waned in the West while he had worked to get support for ending the Crow

⁵² Kroeger, *Retiring the Crow Rate*, 37-48.

⁵³ Turner, *Beyond the Farm Gate*, 150.

⁵⁴ Kroeger, *Retiring the Crow Rate*, 49.

⁵⁵ Kroeger, *Retiring the Crow Rate*, 58-63.

⁵⁶ Kroeger, *Retiring the Crow Rate*, 72.

⁵⁷ Skogstad, *The Politics of Agricultural Policy-Making*, 136; Kroeger, *Retiring the Crow Rate*, 66; Joan Cohen, "Ottawa hoping to resolve Crow," *Winnipeg Free Press*, 30 November 1981.

rate from the cabinet. At its 1981 convention, for example, the SWP delegates voted less strongly in support of changing the Crow rate at only 99 to 45 with added conditions on how changes would be acceptable.⁵⁸ The National Farmers Union (NFU) organized a well-attended Keep the Crow Rally in Regina where Emmett Hall warned that “the real burden of any change in the statutory rate will fall on Saskatchewan producers.”⁵⁹ Hall’s words carried extra weight since he had chaired the Commission on Grain Handling and Transportation only a few years earlier. Gordon MacMurchy, the provincial Minister of Agriculture, reaffirmed the government’s position that it would defend the Crow rate and Saskatchewan’s grain farmers. His speech emphasized the Crow rate as part of the national promise that remained “as essential today as” in the past.⁶⁰ These rallies reaffirmed a position on the Crow Rate in the region as a federal promise not a subsidy that the whims of politicians or the market could alter.

On 8 February 1982, Pepin publicly articulated the federal position on changing the Crow rate: the government would replace the Crow rate with a new rate that provided more compensation to the railways and required higher payments from grain producers.⁶¹ The announcement included striking another consultation process between farmers and the railways. Led by University of Manitoba economist Clay Gilson, the consultations were to determine the precise details of how the new freight rate structure would work, including what farmers would pay, standards for rail service guarantees, and the sharing of future costs between government, farmers, and railways.⁶² Yet, Pepin made clear that “grain has a special status in the Canadian economy” so the federal government did not intend grain farmers to pay the entire increase in the freight rates, harkening back to the position that the Crow rate was a promise for national unity not a mere subsidy.⁶³

Both Pepin and CNR President Ron Lawless emphasized that the change to the Crow rate would improve the prairie economy; a position echoed by agricultural processors like the Canola

⁵⁸ Turner, *Beyond the Farm Gate*, 151; Skogstad, *The Politics of Agricultural Policy-Making*, 136.

⁵⁹ National Farmers’ Union Archives, Emmet Hall, “Statement for the Keep the Crow Rally, Regina, November 24, 1981,” Crow Rate “Keep the Crow” Rally File.

⁶⁰ National Farmers’ Union Archives, Gordon MacMurchy, “Opening Remarks,” Keep the Crow Rally, Regina, November 24, 1981. Crow Rate “Keep the Crow” Rally File.

⁶¹ Skogstad, *The Politics of Agricultural Policy-Making*, 136.

⁶² Skogstad, *The Politics of Agricultural Policy-Making*, 136.

⁶³ “Death knell sounded for Crow freight rate,” *Lethbridge Herald*, 9 February 1982.

Crushers of Western Canada.⁶⁴ Federal Agriculture Minister Eugene Whelan argued that farmers needed to pay a greater part of the freight cost as it would improve the overall rail system to their benefit. The system could not remain unchanged as “grain is too important to the Canadian economy to be treated as a second-class commodity.”⁶⁵ These public statements reinforced the premise that without increased revenue the railways could not provide better services jeopardizing the whole Canadian economy. The argument implicit in the position was that Canada could no longer afford to maintain its national promise to the prairies but instead of completely breaking the promise it sought a solution acceptable to prairie farmers within defined parameters.

The Gilson consultations widened the discussions by moving beyond grain growers while allowing politicians to characterize grain as special, yet this next round of consultations further divided agricultural interests as farmers identified or not with grain production. Gilson invited the railways and agricultural groups beyond grain farmers to include livestock producer groups as well as other umbrella agricultural industry groups.⁶⁶ Ted Turner notes that many of the groups included in the consultation process opposed the position that the three Prairie Pools took on changing the Crow rate making it more difficult for the Pools to defend their members’ interests during the process.⁶⁷

Kroeger characterizes the Gilson report in his estimation as “a watershed” that influenced the final process of ending the Crow rate, replacing it with new legislation—the Western Grain Transportation Act (WGTA).⁶⁸ As Gilson wrote, his challenge was to find a way for “the railways, the users and government itself [to] share equitably in the task of maintaining a western grain transportation network.”⁶⁹ Yet, the consultation process would not be the long public exercise of the Snavely and Hall Commissions with multiple days of public hearings. Instead,

⁶⁴ Canadian Press, “Manitoba, Saskatchewan give plan cold reception,” *Lethbridge Herald*, 9 February 1982.

⁶⁵ Eugene Whelan quoted in Paul Pihichyn, “Farmers will pay more... get more,” *Winnipeg Free Press*, 10 February 1982.

⁶⁶ A full list of participating organizations appears in Appendix B of the Gilson Report. J. C. Gilson, *Western Grain Transportation: Report on Consultations and Recommendations* (Ottawa: Minister of Supply and Services, 1982).

⁶⁷ Turner, *Beyond the Farm Gate*, 151-154.

⁶⁸ Kroeger, *Retiring the Crow Rate*, 95.

⁶⁹ J. C. Gilson, *Western Grain Transportation: Report on Consultations and Recommendations* (Ottawa: Minister of Supply and Services, 1982), ii.

Pepin gave Gilson just four months to reach a consensus or the federal government would “impose a solution.”⁷⁰ It was a closed-door process between agricultural organizations and the railways, which created a private space where participants advocated their positions rather than the open and reported on process of the Hall Commission. The open process had created a sense of agency for people participating in the process and a trust that the Hall Commission would take their views seriously when it made recommendations. The same trust was not given to the Gilson process. Saskatchewan Progressive Conservative MP Doug Neil articulated the problem with a closed process:

No doubt the minister will claim that the farm organizations represent the farmers, and perhaps they do but if that is the case, why are the hearings not held in the open so that the farmers know what their farm organization representatives are saying and what the railways are saying about costs so that they and we as Members of Parliament, can judge the result. No doubt when Dr. Gilson is through with these in camera meetings he will make a recommendation to the minister. Legislation will be drafted, and then the minister will tell the committee that it is the result of a consensus negotiated by the farmers of western Canada or their representatives and that we will have to pass it. We will not have, as is our right, the opportunity to discuss the matter.⁷¹

Reflecting the concerns about farmers’ representation during the process, the SWP threatened to break the confidentiality of the process to demonstrate its support for its members when faced with allegations that it had “struck a deal with the federal government ... to ‘sell’ changes in the Crow rate” prior to beginning of the Gilson process.⁷² The limited participation and closed process severed the Gilson process from the rural communities and individual farmers who had been so involved in the earlier Commission hearings. The Hall Commission had created a space to air regional grievances in public and encouraged the prairie press to editorialize the issue as the process unfolded. Gilson’s closed door consultations prevented this same level of media engagement. Indeed, continuing the split between the Hall and Snavely Commissions, the Gilson consultations engaged Carl Snavely’s services for the rail costing data examinations.⁷³ His engagement clearly signaled that Gilson’s process would consider costs through the same narrow

⁷⁰ “Murta backs speedy change in Crow rates,” *Winnipeg Free Press*, 12 February 1982.

⁷¹ Canada, Parliament, *House of Commons Debates*, 32nd Parl, 1st Sess, vol. 14 (26 February 1982), 15451.

⁷² Hank Daniszewski, “Crow rumors upset Pools,” *Brandon Sun*, 3 March 1982.

⁷³ Roger Newman, “Rail costs to be probed by Gilson,” *Globe and Mail*, 4 March 1982.

approach rather than considering the costs and revenues of the entire complex transportation system.

Further diminishing the regional perspective was the exclusion of the provincial governments. Even though prairie provincial governments had participated in all previous investigations of the Crow rate, the federal government did not ask them to take part in the Gilson process.⁷⁴ Both the Saskatchewan and Manitoba governments publicly opposed changing the Crow rate, which would have made it difficult for Gilson to achieve consensus on the topic. Pepin suggested that the exclusion of the provinces was because grain movement was a federal matter. This distinction emphasized division between federal and provincial governments. Pepin's suggestion that provincial governments "should complement federal initiatives" only reinforced the impression that in matters of grain transportation the provinces were to be subservient to federal positions.⁷⁵

Turner suggests that since Pepin and Kroeger had already spent considerable time on the Crow rate issue they wanted specific outcomes from the process and structured the consultations to achieve those outcomes.⁷⁶ Kroeger emphasizes that he and Gilson had "no difficulty in reaching a meeting of the minds" when they discussed the consultations' purpose.⁷⁷ Indeed, the impression that the Gilson process was to decide only the specifics of how to split the cost of grain movement and who (the railways or farmers) would receive the government's portion of the payment was reinforced by the unauthorized release of cabinet documents.⁷⁸ The leaked documents revealed that the Gilson report's recommendations were "closely related" to cabinet proposals that existed before the government initiated the consultations.⁷⁹ For Kroeger, the release of the documents only confirmed to him that "just because people find out what you intend to do does not mean they can stop you."⁸⁰

⁷⁴ "Prairies resent snub by Pepin," *Winnipeg Free Press*, 10 February 1982.

⁷⁵ "Prairies resent snub by Pepin," *Winnipeg Free Press*, 10 February 1982.

⁷⁶ Turner, *Beyond the Farm Gate*, 151-154.

⁷⁷ Kroeger, *Retiring the Crow Rate*, 84-85.

⁷⁸ Jack Francis, "'Leaks' expected to swamp Crow before settlement," *Winnipeg Free Press*, 24 February 1982.

⁷⁹ "Gilson was influenced, farmers union charges," *Medicine Hat News*, 15 July 1982

⁸⁰ Kroeger, *Retiring the Crow Rate*, 91.

Although invited, the NFU refused to participate in the Gilson process, rejecting the premise entirely—for the NFU the Crow rate was nonnegotiable.⁸¹ NFU President Ted Strain summarized the NFU’s problem with the consultation as “we’re [farmers] being asked to give up the fixed rate, but the railways are not being asked to give up anything.”⁸² The NFU’s position held to a conceptualization of agriculture where the western agricultural system focused on supporting farmers and their local communities. While the Pools and other agricultural organizations supported retention of the Crow rate, their position had softened overtime to being willing to negotiate on it. Farmers founded the SWP and its counterparts in Manitoba and Alberta to operate in the best interests of their members. By the time the 1982 Gilson process unfolded the Pools believed they could no longer save the Crow rate; instead they strove to reach what they saw as the best possible compromise for their members within the changing vision of agriculture that positioned farmers as one business of many comprising the agricultural industry. As the SWP’s Ted Turner wrote to the Landis, SK, Wheat Pool Committee: “We reasoned that the position of farmers with a modest and controlled increase in the grain rate is a much better alternative than being saddled with variable rates and producer subsidies.”⁸³ As Turner recounts in *Beyond the Farm Gate*, the elected executive of the three Prairie Pools faced considerable criticism for not defending the Crow rate and they worked hard to justify why being involved in the end of the Crow rate was a more advantageous position than rejecting any negotiations.⁸⁴ Despite this work, many Pool members wondered if this approach was the best and if the political process for changing the Crow rate truly allowed for as much negotiation on the issue as promised by the federal government. Manitoba Pool Elevator delegate Kenneth Sigurdson captured the feeling of many members when he described the Pools as being “coerced into participating in the Gilson sham and several other kangaroo committees set up by Transport Minister Pepin.”⁸⁵

⁸¹ “NFU shuns invitation to attend meeting on Crow,” *Lethbridge Herald*, 11 March 1982.

⁸² Ted Strain quoted in Oliver Bertin, “Farm groups mostly pleased with Crow plan,” *Globe and Mail*, 9 February 1982.

⁸³ Letter from Ted Turner to Harry Cey, Landis Wheat Pool Committee, 2 January 1981, National Farmers’ Union Archives, Crow Rate Ad Hoc Committee Files

⁸⁴ Turner, *Beyond the Farm Gate*, 149-157.

⁸⁵ Canada, House of Commons, Standing Committee on Transport and Communications, 32nd Parl, 1st Sess, vol. 13, no. 144 (31 October 1983), 144A:157.

While the Prairie Pools participated in the process to mitigate the outcome, the NFU refused to compromise. It rejected the de-prioritization of farmers' interests, instead emphasizing their critical nature as primary producers on which the rest of the agricultural industry pivoted—without farmers there was no grain to move. It rejected the growing zeitgeist to consider farming as only another form of Canadian business, as that position severed both farmers and farming from the long-standing prairie vision of farms as foundational pillars of communities. The editors of the *Winnipeg Free Press* wrote “the train of change has left the station. The National Farmers' Union was invited to ride, and to help determine its destination. It has declined the invitation.”⁸⁶ The NFU rejected the goal of the Crow rate changes and envisioned a different destination for its members. The train of change the *Free Press* alluded to was not a train the NFU had ever been willing to get on.

The federal government released the report of the Gilson consultations on 28 June 1982. The report recommended the end of the Crow rate in 1984 with transition funding to both the railways and farmers. While the report emphasized that all three parties (the railways, the government, and farmers) would need to pay more, the largest increase fell to farmers. Gilson found that the railways needed annual compensation for a \$644.1 million shortfall in their revenue. The transition period would gradually shift the balance between farmers and the federal government for paying the shortfall so that by 1989/1990 farmers would pay 81 percent while the federal government would pay the remaining 19 percent directly to the railways.⁸⁷ The magnitude of the increase Gilson recommended for farmers demonstrates how much the loss of the Crow rate would change their freight cost—between 1982/1983 and 1985/19 the cost per tonne paid by farmers was an “increase of 45% over a three-year period.”⁸⁸ In addition to the increased payments Gilson recommended that the government spending programs for branch line rehabilitation and the purchasing of hopper cars continued.⁸⁹ Although the report was optimistic that agriculture would “become more buoyant” reflecting present trends, Gilson still recognized that agricultural commodities were volatile.⁹⁰ To counter this volatility and “relate freight rates to

⁸⁶ “Pointless NFU boycott,” *Winnipeg Free Press*, 12 March 1982.

⁸⁷ Gilson, *Western Grain Transportation*, VI.6-7; J. C. Gilson, *Executive Summary: Western Grain Transportation: Report on Consultations and Recommendations*, (Ottawa: Minister of Supply and Services, 1982), 8

⁸⁸ Gilson, *Western Grain Transportation*, VI.3.

⁸⁹ Gilson, *Western Grain Transportation*, VI.10.

⁹⁰ Gilson, *Western Grain Transportation*, VI.5.

the producers' capacity of pay" Gilson suggested that the federal government establish a stabilization fund to address these times of low prices.⁹¹ Gilson emphasized the importance of providing adequate revenue for the railways while also sharing transportation costs equitably.

Despite the support for the removal of the Crow rate and recommendations to alleviate their costs, the railways remained critical of the Gilson report for placing their losses at a lower value than what they estimated. They also felt that Gilson should have advocated for a more immediate payment to cover their estimated losses. CNR President Ron Lawless warned that "there's not enough money (in Gilson's proposals) to continue with the [western] expansion as we had planned."⁹² His comments suggested that unless the railway's compensation reached a satisfactory level it would jeopardize the future operations of the railway network.⁹³ CPR expressed similar concerns with executive Vice-President R. S. Allison noting that although it had "many useful, sensible and workable recommendations" the amount of funding allocated left "a large revenue problem" for the railway.⁹⁴

Since the Gilson report recommended that farmers shoulder more of the freight costs, it continued the shift toward focusing on farms as a business within the agricultural industry instead of the older policy approach to farms as requiring special consideration and support due to providing national benefits. While farmers' organizations generally accepted Gilson's recommendations, the question of how to pay the federal government's portion of the adjusted freight rates—now called the Crow benefit subsidy or the Crow benefit—remained contentious: should it be paid directly to the railways or directly to farmers (known as pay the producer)?⁹⁵

When the government released Gilson's report at the end of June this question already divided the agrarian community with the most recent public divide fueling acrimony between Unifarm and the Alberta Cattle Commission at the Unifarm convention in January of 1982 when ACC walked out over the inability of Unifarm delegates to support the "pay the producer" option

⁹¹ Gilson, *Executive Summary*, 10.

⁹² Ron Lawless quoted in "Gilson plan worries CN chief," *Winnipeg Free Press*, 30 June 1982.

⁹³ "Gilson plan worries CN chief," *Winnipeg Free Press*, 30 June 1982.

⁹⁴ R. S. Allison quoted in "Report runs railway short of money: CP," *Brandon Sun*, 3 July 1982.

⁹⁵ "Most farm groups react positively to Gilson's report," *Lethbridge Herald*, 29 June 1982; Kroeger, *Retiring the Crow Rate*, 111-112.

for the Crow benefit.⁹⁶ The question of who received payment reinforced the division between grain and livestock farmers. Gilson recommended paying farmers as the best way to address “economic distortions within the agricultural sector stemming from the statutory rate.”⁹⁷ These distortions, the Gilson report explained, had limited the development of prairie livestock industries. Indeed, livestock groups like the ACC argued that the Crow rate kept feed grain prices artificially high and thus discouraged expansion of livestock production and processing in the prairies.⁹⁸ ACC manager Chris Mills explained they feared that if the Crow rate remained “livestock and rapeseed-crushing industries will be gradually destroyed.”⁹⁹ The Gilson report found “there is no practical limit to the size of the potential market for western Canadian livestock production” and recommended the pay the producer approach as the best way for the prairie economy to access a greater share of this market.¹⁰⁰ While livestock groups and the Prairie Farm Commodity Coalition supported the approach because they felt it would benefit livestock producers and agricultural processing.¹⁰¹ The SWP, Unifarm, and most other producer groups that were members of the WAC were strongly opposed to any payment to farmers on the grounds that it was not an agricultural subsidy but a transportation subsidy and therefore more properly paid to the railways rather than farmers. There was also the concern that if the government paid it to the farmers it would be much easier for future governments to remove it as a cost-saving measure. Gilson had recommended performance bonuses for good rail service, although the reason the groups supported paying the railways was for the government to have a way to enforce good service.¹⁰² The SWP’s Ted Turner remarked that the disagreement “probably makes it easier for the federal government to do what they want to do.”¹⁰³

⁹⁶ For greater discussion of the Alberta Cattle Commission’s withdrawal from Unifarm see Jaques, *Unifarm*, 250-258; A discussion of the Crow rate and livestock production appears in MacLachlan, *Kill and Chill*, 75-77.

⁹⁷ Gilson, *Western Grain Transportation*, VI.59.

⁹⁸ Jaques, *Unifarm*, 234-235.

⁹⁹ Chris Mills quoted in Suzanne Zwarun, “A long-sought compromise on the Crow,” *Maclean’s Magazine*, 12 July 1982, 10.

¹⁰⁰ Gilson, *Western Grain Transportation*, IV.2.

¹⁰¹ Oliver Bertin, “Report on Crow rate gets mixed reaction,” *Globe and Mail*, 29 June 1982.

¹⁰² Gilson, *Western Grain Transportation*, V.28-30; Garry Fairbairn, *From Prairie Roots: The Remarkable Story of Saskatchewan Wheat Pool* (Saskatoon; Western Producer Prairie Books, 1984), 231.

¹⁰³ Ted Turner quoted in “Farm groups divided on grain payments,” *Lethbridge Herald*, 28 August 1982.

As Kroeger recounts in *Retiring the Crow*, after the release of the Gilson Report he and Pepin had planned to do just that—draft the legislation to end the Crow rate following the recommendations in the report; Gilson’s consultations gave their approach a “made in western Canada” stamp.¹⁰⁴ Indeed, the drafting of the legislation would have proceeded smoothly except that Quebec farmers’ organizations grew concerned by the pay the producer approach. The Union des Producteurs Agricoles and the Coopérative Fédérée du Québec described it as “threaten[ing] the future of agriculture in Québec.”¹⁰⁵ The pay the producer option, as the Québec farmers saw it, had the potential to put Québec livestock farmers at a disadvantage as compared to their western counterparts since the Québec farmers would pay for grain shipped at the new rates while western farmers would get cheaper prices. The Québec farm organizations put their support behind the pay the railways approach favoured by the Prairie Pools, the WAC, and other western farm organizations.¹⁰⁶ Québec’s Agriculture Minister Jean Garon emphasized the importance of transportation to agriculture pointing out that “transportation is the basis of Confederation and with one blow is Ottawa is striking both.”¹⁰⁷ Seizing on the issue as both a regional but also a constitutional matter, Garon’s tone highlighted the significance of agricultural transportation issues as one of national significance, if not also a version of the public good.

Garon’s point was the same one used by prairie farmers and their organizations and governments to defend the Crow rate during the previous two decades. Transportation, specifically government-supported transportation to benefit Canadians was a key promise for national unity and done as a public good. The intervention of the Québec government and farm organizations into ending the Crow rate created another layer of regional alienation between prairie farmers and the federal government, which was bowing to pressure from Québec in making its decision. The editors of the *Brandon Sun* expressed the alienation of the prairies writing “the sad truth about the debate over the change to the historic Crow appears to be that it will not be the Prairies after all that makes the crucial decision.”¹⁰⁸ Both publicly and privately it was clear that the concerns raised by Québec’s agricultural sector were a priority to the federal

¹⁰⁴ Kroeger, *Retiring the Crow Rate*, 119.

¹⁰⁵ Union des Producteurs Agricoles and the Coopérative Fédérée du Québec quoted in “Québec farm groups hit Gilson report,” *Winnipeg Free Press*, 3 September 1982.

¹⁰⁶ “Québec farm groups hit Gilson report,” *Winnipeg Free Press*, 3 September 1982.

¹⁰⁷ Jean Garon quoted in “Québec fears higher prices for producers without Crow,” *Brandon Sun*, 2 December 1982.

¹⁰⁸ Editors, “Québec’s Crow clout,” *Brandon Sun*, 30 September 1982.

government. The drafting of the legislation stalled because as Kroeger explained “the Quebec caucus of any party always received attention of a kind that goes beyond what caucuses from other parts of the country normally experience.”¹⁰⁹ Thus, when the Quebec organizations made their position on the method of payment clear there were only two choices either try to change their position or acquiesce to it. The federal cabinet decided that it was prudent to use the pay the railways option rather than risk political support in Quebec after initial attempts to win their support for paying the producer failed.¹¹⁰

Jean-Luc Pepin tabled Bill C-155, which became the Western Grain Transportation Act, on 9 May 1983.¹¹¹ The legislation clearly demonstrated that Pepin had bowed to Quebec’s position as the WGTA paid the subsidy to the railways rather than the producers.¹¹² For the prairie farmers’ organizations that had supported Pepin’s removal of the Crow rate with the pay the producer approach, this change cemented their alienation from federal power and reinforced western grievances toward the Quebec and its place in confederation. How these prairie supporters saw the change in payment approach was articulated by ACC’s Chris Mills: “Quebec was against any diversification in western agriculture, any improvement in our economy and they’re going to get their way.”¹¹³

While the Progressive Conservative and New Democrat MPs both vowed to fight the bill, the Liberals held a majority government making it only a matter of time before the bill passed into law.¹¹⁴ In the process of a tabled bill becoming law it goes through the committee stage where the appropriate parliamentary committee—in the case of Bill C-155 it was the Committee on Transport—examines the bill “clause-by-clause.”¹¹⁵ The committee stage left one last platform for interested parties to present their position on this bill, which had been decades in the making. Hearings and submission to the Committee on Transport restated the arguments both for and against keeping the Crow rate that had played out since at least the 1960s. Presentations to the committee once again allowed invested groups and individuals to put on record their

¹⁰⁹ Kroeger, *Retiring the Crow Rate*, 141.

¹¹⁰ Kroeger, *Retiring the Crow Rate*, 147-150.

¹¹¹ Canada, Parliament, *House of Commons Debates*, 32nd Parl, 1st Sess, Vol 22 (9 May 1982), 25288.

¹¹² Skogstad, *The Politics of Agricultural Policy-Making*, 141.

¹¹³ Chris Mills quoted in “Crow plan is called a sellout,” *Globe and Mail*, 29 April 1983.

¹¹⁴ Alex Binkley, “Crownest plugged by attacks,” *Medicine Hat News*, 13 May 1983.

¹¹⁵ Kroeger, *Retiring the Crow Rate*, 166.

arguments, but it was clear that despite the opposition parties drawing out the process, there would not be a last minute scrapping of Bill C-155.¹¹⁶ After long debate on the third and final reading of the Bill it received royal assent on 17 November 1983.¹¹⁷

Conclusion

Saskatchewan grain farmer Terry Boehm from Allan, SK, summed up the frustrations of those who wanted to retain the Crow rate when he asked “This same industry [agriculture] pays higher input costs because the people of this country find it desirable to protect other industries. Why is agriculture not seen in the same light as a net contributor which deserves some sort of protection?”¹¹⁸ Indeed, the question of how to pay for grain transportation and who it benefited was a keystone throughout the debate over the Crow rate that had emerged with the 1961 MacPherson Commission and come to dominate prairie politics throughout the 1970s. This question not only led to expressions of regional alienation but also created deep divisions within the prairie agricultural community by balkanizing farmers into commodity groups based on livestock or grain production; and between those groups that saw farming as primarily a business and those who considered farming within a more community-oriented socioeconomic context.

Prairie farmers perceived a political process where neither their active protest nor reasoned presentations to federal policy makers had little apparent effect beyond slowing down what ultimately became an inevitable set of changes. The end of the Crow rate and the introduction of the WGTA not only created new divisions within the prairie agricultural community but exacerbated western alienation within the agrarian west. Continued rural depopulation, increasing farming debt, and the centralization of rail and elevator networks made the end of the Crow a significant touchstone in the grain-farming prairies; it signaled the federal de-prioritization of the prairies’ vision of their place within the nation. As NFU President Wayne Easter summarized it: “the ribbon of steel originally envisioned as a means of binding this

¹¹⁶ For examples of the submissions and presentations see Canada, House of Commons Committees, Standing Committee on Transport and Communications, 32nd Parl, 1st Sess, vol. 8 – 14, no. 105-148 (1983).

¹¹⁷ Canada, Parliament, *House of Commons Debates*, 32nd Parl, 1st Sess, vol. 25 (17 November 1982), 28968. A summary of the debates during the readings of Bill C-155 appears in Skogstad, *The Politics of Agricultural Policy-Making*, 142-148.

¹¹⁸ Canada, House of Commons Committees, Standing Committee on Transport and Communications, 32nd Parl, 1st Sess, vol. 13, no. 144 (31 October 1983), 144A:22.

country together has now been transformed into an instrument of alienation.”¹¹⁹ At the same time, the fracturing of prairie farm organizations left prairie farmers divided along commodity lines that undermined their ability to speak to the federal government with a unified voice, further diminishing their capacity to effectively access the levers of power and alienating them from Ottawa.

The Crow rate debate highlighted a shift in government policy. The national policy maintained government regulation and intervention in transportation to support the profitability of the export-grain oriented economy of the prairies but policy shifted to view this approach as an impediment that prevented the railways from acting as purely commercial businesses while also hindering other sectors of the agricultural industry. The question of the cost of the Crow rate and its effect on the railways and prairies was a debate, but at its core these arguments over rail costing were the symptom of the deeper policy shift. As Carl Snavely remarked to the Committee on Transport in 1983, “the answer the Government gets will depend on the objectives it sets for grain rate policy.”¹²⁰ Grain transportation as a public good that encouraged national unity shifted to a policy approach that separated grain farming from the socioeconomic context the national policy had placed it in and considered it as business within the agricultural industry. Rather than fostering national unity the positions in the debates revealed strongly embedded regional antipathies and competing visions of how government delivered what constituted the public good.

¹¹⁹ Wayne Easter quoted in Carol Goar, “Last stand for the Crow,” *Maclean’s Magazine*, 17 October 1983, 31.

¹²⁰ David Stewart-Patterson, “Experts differ widely in estimating the cost of rail grain transport,” *Globe and Mail*, 25 August 1983.

Chapter Nine: Conclusion

Arthur Kroeger, the chief bureaucrat who engineered the end of the legislation referred to as the Crow rate wrote in his memoir “the first steps toward breaking the mould of the 1897 Crow’s Nest Pass Agreement were taken by the federal minister of Transport in 1980.”¹ This claim ignored the long history of debate over the Crow rate that stretched back decades. Ending the Crow rate was not a short process, the debate had been on-going for twenty years, but by 1980 its end was a *fait accompli*. The debate over the Crow rate demonstrated the struggle between the conceptualization of legislation as a promise to western farmers and legislation that enhanced business profits through deregulation; the changing tenor of the debate over this period symbolized changes in national priorities alongside a changing agricultural landscape in the Canadian prairies. These changes were particularly apparent when it came to moving agricultural commodities from the landlocked prairies to deep-water ports for export, as captured in the debates surrounding transportation costs. Beyond the shifting conceptions of national priorities, this decades-long debate exacerbated feelings of western alienation within the prairie agrarian community.

The Crow rate had regulated the maximum freight rate that the Canadian Pacific (CPR) and Canadian National (CNR) Railways could charge for moving grain and flour off the prairies to deep-water ports. The combination of their railway networks governed by the statutory rate, the prairie elevators networks, and the grain marketing of the Canadian Wheat Board (CWB) created a decentralized grain handling and transportation system that moved grain at minimal cost to farmers. The regulation of freight rates under the Crowsnest Pass Agreement was a response to western grievances over freight rate discrimination. The federal government’s regulation of the CPR’s rates in exchange for its support of construction of a line through the Crowsnest Pass allowed the government to encourage national unity by addressing western alienation. The expansion of the Crow rates on grain and flour to cover the CNR reinforced the Crow rate as a part of the bargain of confederation to the prairie provinces; it supported the

¹ Arthur Kroeger, *Retiring the Crow Rate: A Narrative of Political Management* (Edmonton: University of Alberta Press, 2009), xi.

prairie agricultural economy and acknowledged that this support benefited not just the prairies but the whole nation.

The regulation of freight rates provided by the Crow ensured that prairie grain farmers could compete with other exporting nations, which had lower transportation costs due to shorter distances between their grain growing regions and deep-water ports. Providing prairie grain with this competitive advantage was important not just for farmers but for the nation since grain sales provided benefits beyond the farm gate. An integral part of successful grain sales was the rail transport of grain from the prairies to the ports. Not only did grain need to arrive at the ports at the right time but it had to be the correct grade and quality as Canadian grain sold as a differentiated high-quality product rather than simply on a volume basis.

Over time, however, this agreement came under pressure and the debates over grain transportation politicized regional grievances. The 1961 MacPherson Commission stimulated this politicization as it recommended changing the Crow rate to support railway revenues signaling a break from the tradition of understanding railways as serving the agricultural economy to benefit the nation. By prioritizing market forces as the way to understand and manage railway transportation policy, the MacPherson Commission took the position that the federal government could no longer use railways as instruments of nation building but instead had to treat them primarily as revenue-driven businesses. The recommendations to increase grain freight rates set by the Crow rate exacerbated regional tensions.

Farmers, politicians, and rural communities reacted with dismay to these recommendations and allied across political lines to resist the removal of the Crow rate. The MacPherson Commission advocated greater freedoms for the railways to set their own rates and abandon branchlines, which had adverse effects on rural communities. Branch line abandonment left small communities in danger of losing all access to railway transport and thus losing their local elevator delivery point, which meant not only did farmers' costs increase but rural residents saw the loss as a threat to their social community. Concerns about the viability of rural communities were already an issue prior to the MacPherson Commission's recommendations due to the increasing rate of rural depopulation highlighted by the Saskatchewan Royal

Commission on Agriculture and Rural Life.² Thus, for the MacPherson Commission to recommend greater branch line abandonment meant prairie residents saw the Commission as prioritizing railway profits over their communities.

In 1963 the Progressive Conservatives lost the federal election to Lester Pearson's Liberals, setting in motion further politicization of the Crow rate as the Liberals worked steadily to dismantle that policy, losing seats in the West, and contributing to a deepening of regional grievances now associated with the Liberal Party. Prairie politicians and organizations framed their protest around the idea that changes to the Crow rate betrayed long-standing promises to the prairies. The strong agricultural roots of the prairie settlement period cemented the Crow rate as part of prairie identity making its defense about more than just the defense of an economic benefit. Elected representatives from the New Democratic Party and the Progressive Conservatives worked together, across party lines, to oppose the federal Liberal attempts to dismantle the Crow rate.

The successful defense of the Crow rate during the end of the 1960s was a hollow victory since the federal government, through Minister of Transport Jack Pickersgill, made plain that changes to the grain transportation and handling system could not be put-off indefinitely and creating a rationalized efficient transportation system required changes to the Crow rate. Another series of events between 1965 and 1974 further spurred the debate around the need to change the grain handling and transportation system. Labour strikes in various parts of the grain transportation system, from the port workers loading ships to the railway engineers and grain inspectors, created significant problems with grain movement because they paused export shipments, which threatened the reliability of exports and therefore Canada's reputation. This failure to move grain jeopardized Canada's share of the international market, which affected prairie farm incomes and spiraled into the entire Canadian economy. Despite the federal government's use of back-to-work legislation the problems of grain movement were not immediately resolved; returning the grain transportation system to normal required significant time and logistical oversight to empty prairie elevators and load waiting ships. Thus, while the strikes themselves slowed or halted the movement of prairie grain, the time required to re-

² Saskatchewan. Royal Commission on Agriculture and Rural Life. Chair W. B. Baker. 14 vols. (Regina: Government of Saskatchewan, 1955-1957).

stabilize the system encouraged the perception that the grain transportation system required modernization to provide greater efficiency. For the federal government these interruptions in grain sales threatened Canada's international reputation as a major grain supplier, while for farmers, the prioritization of back-to-work legislation and rail deregulation indicated that the federal Liberals supported farmers only when the national interest was at stake.

Yet, the concerns over the reliability of grain transportation lingered as the railways emphasized their inability to maintain the prairie branch line networks under the low freight rates mandated by the Crow rate. In particular concerns about how grain movement seemed to affect Canadian grain sales compelled the federal government to take action on the issue. The response was the creation of two more commissions of inquiry—The Hall Commission on Grain Handling and Transportation Commission and the Snavely Commission on the Costs of Transporting Grain by Rail. Their creation reignited the simmering debate over railway grain transportation as a public good for the prairies, which in return was beneficial to the national economy, versus a view that grain farmers were business owners like any other Canadian business that should ostensibly compete on an open market for transportation. The Saskatchewan Wheat Pool (SWP) and the Saskatchewan provincial government spearheaded the defense for the Crow rate based on its importance to the health of the socioeconomic fabric of the prairies, which rested on successful grain exports, and its historic roots as a promise to the prairie region.

Although the Hall and Snavely Commissions were supposed to be complimentary, they ultimately demonstrated two sides of the debate over railway grain transportation: moving grain under government regulation or as a deregulated private business. The Snavely Commission's business-oriented approach to grain transportation, which focused strictly on costs and revenues, was limited in scope to the technicalities of rail costing—finding a way to calculate precisely the costs of moving grain by rail. The narrow focus meant that this costing analysis did not consider the ancillary benefits provided by grain movement. Instead, it fixated on the costs directly incurred by the railways, which raised concerns for many prairie organizations and governments involved in the Commission, who argued that this narrow approach decontextualized farming operations and did not appreciate the more holistic realities of agriculture. Ultimately the Snavely Commission report reinforced a profit-driven approach to grain transportation regulation. It found moving grain was a substantial cost for the railways and strongly rejected

any retention of the statutory rate; increasing the rate only prolonged an inefficient system that relied on government financing. Therefore, it recommended revising all regulations so the railways could function as profit-driven businesses setting their freight rates according to what the market would bear and deciding what railway lines to abandon without restriction. As Snavely remarked “the most astounding aspect of the railway component of the present grain transportation and distribution system is that it operates as efficiently as it does.”³ The Commission’s proposed solution rested on the premise that allowing the profit-motive of the railways to reshape grain transportation would make it more efficient and reliable.

The Hall Commission, on the other hand, demonstrated the significance of the grain economy for local communities, and more explicitly reflected positions on the Crow Rate from the perspective of prairie residents and stakeholders who viewed the Crow Rate as a promise to westerners for establishing an agricultural heartland for the nation. Hall, was from the prairies unlike the American Snavely, and held wide-spread public hearings that made prairie residents more inclined to trust that he and his commission would understand the historical complexity of grain transportation and how it interacted with the network of prairie communities built around the local elevator to service agriculture. The Hall Commission’s recommendations rewarded this trust by strongly reflecting the positions taken by the majority of prairie residents, farmers, their organizations and governments. It somewhat predictably recommended the federal government should maintain the statutory rate as grain sales provided benefits to Canada; and therefore the nation ought to support to farmers and the west.

The federal government, under Pierre Trudeau’s Liberal, avoided implementing any of the large changes recommended by the Hall Commission despite pressure from the prairies. This inaction exacerbated feelings of alienation expressed by prairie residents towards the federal government as its inaction made clear that the government sided with the recommendations presented by Snavely, the American expert, over those of the prairie-rooted Hall. The federal government appeared more focused on reducing the size of the decentralized rail network to improve the railways’ revenues than on addressing prairie residents’ concerns that these changes

³ Commission on the Cost of Transporting Grain by Rail [Snavely]. *Report on the Commission on the Costs of Transporting Grain by Rail*, Vol. 2, Chief Commissioner Carl M. Snavely. Ottawa: Queen’s Printer, 1977), 157.

would result in the loss of their rural communities. The emphasis on reducing costs—as narrowly defined by the Snavely Commission—also encouraged the disconnection of farming from its socioeconomic impact on rural communities.

The disconnection between farming and rural communities was a sign of the shifting conceptualization of farming within public policy and by some parts of the prairie agrarian community. Although, the majority of prairie farmers vehemently opposed changes to the system and the Crow rate, cracks began to appear in the unity of the agricultural community as the recently formed Palliser Wheat Growers Association (PWGA) argued farmers should willingly accept increased freight costs if it improved grain transportation. This argument framed farming a business that focused on profit and loss just as other businesses involved in the agricultural industry. The PWGA's approach reflected a growing policy shift to identify farms as businesses and also reflected broader changes in the prairie agricultural economy as farmers began to diversify into specialty crops and increase their acreage. The need to change or even remove the Crow rate remained heavily debated within farm organizations as concerns that poor rail service was impeding greater international sales of Canadian grain. Farm groups struggled to reach internal compromises that would address the need to maintain low freight rates for grain farmers while livestock farmers argued that the low freight rates created greater costs for their farming operations.

Elected in 1979, Joe Clark's short-lived minority Conservative government did not have time nor apparently inclination to mend the political relationship between the federal policies and the prairie grievances when it came to rail subsidies despite historic alliances between the west and the Conservatives. When the Trudeau Liberals returned to government a year later in 1980, Transport Minister Jean-Luc Pepin re-opened the debate on the statutory rate. The two sides of the debate remained virtually the same as they had been since the MacPherson Commission in 1961: regulation of the railways under the Crow rate in the public interest from the view of prairie residents or regulation of the railways as any other private for-profit business. As Saskatchewan Wheat Pool President Ted Turner wrote in his memoir, by 1980 it was clear that the same debate would replay again and that the federal government intended to remove the

Crow.⁴ Farmers' organizations faced the choice of fighting to maintain the Crow rate or presenting the federal government with a solution that would not harm farmers while also being acceptable to the federal government. The question shifted from should the Crow rate remain, to how to change grain freight rates once the Crow rate ended. The shift reflected the larger change in considering how grain transportation fit into the delivery of the public good. It was no longer a public benefit to enforce the Crow rate; the low rate for farmers had become too low to be fair to the nation and so the federal government served the nation's public good by moving a greater portion of the costs of grain transportation onto farmers. At the same time, government priorities and the spending associated with them were also changing. The federal government undertook a growing number of wide-ranging projects to expand the welfare state including income security programs like Employment Insurance and Old Age Security.⁵ These programs were part of a shift in the conceptualization of what was in the national interest and how to deliver the public good to Canadians.

The spirited defense of the Crow rate meant that the government needed to frame the changes as driven by the prairies rather than imposed by Ottawa to avoid worsening the political consequences of western alienation. The resulting consultation process, led by University of Manitoba economist Clay Gilson, between the railways and farmers' organizations did not have

⁴ E. K. (Ted) Turner, *Beyond the Farm Gate: The Story of a Farm Boy Who Helped Make the Saskatchewan Wheat Pool a World-Class Business* (Regina: University of Regina Press, 2014), 149-157.

⁵ For greater discussion of the growth of the welfare state in Canada see Raymond Blake, *From Rights to Needs: A History of Family Allowances in Canada, 1929-92* (Vancouver: UBC Press, 2009); Raymond Blake and Jeffrey Keshen, eds. *Social Fabric or Patchwork Quilt: The Development of Social Policy in Canada* (Toronto: University of Toronto Press, 2006); Dennis Guest, *The Emergency of Social Security in Canada*, 3rd ed. (Vancouver: UBC Press, 2003); Raymond Blake, Penny Bryden, and J. Frank Strain, *The Welfare State in Canada: Past, Present, and Future* (Concord: Irwin, 1997); Meg Luxton and Ester Reiter, "Double, Double, Toil and Trouble... Women's Experience of Work and Family in Canada, 1980-1995," in *Women and the Canadian Welfare State: Challenges and Change*, eds. Patricia Evans and Gerda Wekerle (Toronto: University of Toronto Press, 1997), 197-221; Ernie Lightman and Allan Irving, "Restructuring Canada's Welfare State," *Journal of Social Policy* 20, no. 1 (1991): 65-86; Keith Banting, *Welfare State and Canadian Federalism*, 2nd ed. (Montreal: McGill-Queen's University Press, 1987).

For a discussion of how historians have written about the Canadian welfare state see John Graham, "An Analysis of Canadian Social Welfare Historical Writing," *Social Service Review* 70, no. 1 (1996): 140-158.

the intended placatory effect. The exclusion of the prairie provincial governments reinforced the idea that grain transportation by rail was a federal matter, despite the long history of prairie provincial governments' involvement. Farmers' organizations split along commodity and ideological lines, meaning that prairie farmers no longer spoke with a unified voice to Ottawa. This divisions carried into the Gilson process, which the National Farmers Union refused to attend since, as executive secretary Stuart Thiesson asked, "why should producers be interested in negotiation? There is no way they could have a better rate than they do now."⁶

Although the federal government characterized the recommendations of the Gilson process as a solution to the Crow rate agreed upon by the farm organizations, neither farmers' organizations nor the railways were enthusiastically supportive—the consultations had reached a grudging compromise at best. The fact that the Gilson hearings were a closed-door and invitation only process furthered the sense of alienation and the impression that the federal government had already decided how to handle the Crow rate prior to initiating the Gilson process. Gilson recommended providing a subsidy to prairie farmers to ease their transition from government-supported low freight rates to supporting the majority of these costs on their own.

The last battle of the Crow rate debate rested on this subsidy. The question of whether the federal government should pay it to farmers or railways further deepened the divisions in the agricultural community. Livestock producers embraced direct payment to farmers deepening fractures within the agrarian community based on commodity lines. While divisions over the conceptualization of farmers within the agriculture industry deepened further between those who considered farming as a business and those who understood it as a pillar supporting the prairies' interlinked economic and social spheres.

Having accepted the end of the Crow rate, grain farmers were wary of replacing it with an agricultural subsidy that a future federal government could more easily remove to their financial detriment rather than a transportation subsidy to the railways. Yet, the federal government only shifted to payment the railways instead of the producer in the face of vehement opposition from Quebec farmers' organizations that felt such a payment could hurt their provincial livestock industry. Not only had the federal government alienated prairie residents

⁶ "Railways acclaim Crow consensus," *Lethbridge Herald*, 29 January 1980.

with the Gilson process but also its shift on payment of the new subsidy exacerbated this western alienation.

On the prairies it was clear that the federal government no longer prioritized their regional voice. The debate over the Crow rate had lasted decades and in the end, Quebec rather than the prairies decided the final question. Despite Minister of Transport Pepin touting his Western Grain Transportation Act (WGTA), which would end the Crow rate, as based on Gilson's claim to a made-in the prairies compromise, the final decision fell to a non-Western province. These actions not only alienated the prairies from Ottawa but also reinforced the regional division between the prairies and Quebec while it also further divided livestock and grain producers on both sides of the Crow rate debate. To prairie farmers who supported the Crow rate it demonstrated that their engagement in the democratic process from participation in the Hall and Snavely Commissions to public protests had no effect other than stalling the federal government from doing what it already planned to do: reduce its costs related to grain transportation and increase railway revenues to stimulate that industry.

The federal government replaced the statutory Crow rate in 1983 with the passage of the Western Grain Transportation Act. The WGTA loosened regulation on railways while gradually increasing the cost of grain movement borne by farmers. The legacy of the more than two decades-long Crow rate debate that culminated in the WGTA is larger than simply increasing grain freight rates. The Crowsnest Pass Agreement was a way to acknowledge the importance of the prairies in confederation by regulating grain freights for the benefit of prairie farmers and through them the national economy; it was regulation in service to the national public good. The end of the Crow rate accepted the importance of grain transportation to the prairies but signaled that the federal government no longer prioritized it—nor support for rural communities—as it had in previous decades. This policy shift also reflected the decline of the political importance of the rural population and within that population those identifying farming as their primary occupation that was part of the backdrop for the Crow rate debate. After the passing of the WGTA, the number of farmers in the prairies continued to decline although the average farm size increased and total cultivated acreage remained stable.⁷ Reducing regulation, increasing

⁷ Helen Parson, "Regional Trends in Agricultural Restructuring in Canada," *Canadian Journal of Regional Science* 22, no. 3 (1999): 343-356; Statistics Canada. Table 32-10-0153-01

rates, and shifting costs to farmers demonstrated a shift in conceptualizing railways as providing a vital transportation service regulated by the federal government for the public good of the prairies, farmers and their communities to understanding the railways as another revenue-focused business within the grain transportation system. It also reflected the growing emphasis on conceptualizing farmers as businesses within the agricultural industry rather than playing a significant role in maintaining both the economic and social fabric of the prairies. While the Crow rate originally provided a promise for the good of the prairies and the nation, this settlement-era promise was no longer in the national interest as the federal government considered it too costly. Instead, it signaled an embrace of a more business-oriented and market-driven process by replacing the Crow rate with the subsidy of the WGTA.

In the prairie agrarian community the Crow rate debate entrenched deep divisions that undermined the ability of the declining prairie farm population to speak with a unified voice on rural and agricultural issues. These divisions are not only between livestock and grain farmers but between those supporting government regulation to benefit farmers and those who felt treating farmers as any other profit-driven business served them better. The ultimate acceptance by the SWP and its counterparts in Alberta and Manitoba of the need to end the Crow rate created rifts between the Pools and their grassroots members that the consolidation of the elevator and branch lines networks further compounded. This consolidation combined with continuing rural depopulation, the decline in the farm population, and increase in farm sizes has encouraged divisions between farmers favouring regulation and farmers opposing it that carried through into the debate over the single-desk marketing of the Canadian Wheat Board. While the Crow rate is undeniably an agricultural transportation story at its core it is the story of how federal actions from the settlement-era shifted from being the price of national unity to an undue

“Total area of farms and use of farm land, historical data.” <https://doi.org/10.25318/3210015301-eng>; Hongyu Chen, Alfons Weersink, Martin Beaulieu, Yu Na Lee, and Katrin Nagelschmitz, “A Historical Review of Changes in Farm Size in Canada,” *Working Paper Series – WP 19-03: Institute for the Advanced Study of Food and Agriculture Policy, University of Guelph*, January 2019; Darrin Qualman, A. Haroon Akram-Lodhi, Annette Aurélie Desmarais, and Sharada Srinivasan, “Forever Young? The Crisis of Generational Renewal Canada’s Farms,” *Canadian Food Studies* 5, no. 3 (2018): 100-127.

burden on the nation; yet, the process of breaking the promises signaled by these actions reinforced the western alienation that they had originally aimed to eliminate.

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