

*Canadian National Railways*

to the attention of the minister because he is the Minister of Finance and responsible in large part for the discussions which are entered into between Canadian National Railways—through his officers—and Trans-Canada Air Lines in relation to the budgetary position of the railway company and its subsidiary, T.C.A.

It would strike me that two, if not three, of the bilaterals that have been entered into between Canada and foreign countries are creating a serious hardship upon T.C.A. In the first place, three foreign carriers now travel non-stop from Montreal to Chicago in competition with T.C.A. which is not able to go to Chicago without coming down at Toronto. In other words, because of the bilateral between Canada and the United States, T.C.A. does not have fifth freedom rights between Montreal and Chicago whereas the three foreign carriers—Alitalia, Lufthansa and Air France—possess those onward rights.

Then again, there is the position of T.C.A. vis-à-vis B.O.A.C. B.O.A.C. has been given by the Canadian government stop-off privileges at Toronto in competition with T.C.A. I believe that has worsened the financial position of T.C.A. to such an extent that T.C.A. has found it necessary to enter into a pooling arrangement with B.O.A.C. for the trans-Atlantic services.

I ask the minister in his conversations with his officers—who in turn will be speaking to the officers of these two national companies—to discuss the position outlined by hon. members of the opposition as we see it. If this is not rectified either by a curtailment of the privileges given foreign carriers or by renegotiation of the bilateral air agreement with the United States, then I am afraid the profit and loss position of T.C.A. for 1960 will be far more serious than it was in 1959.

The other day I asked the Prime Minister on the orders of the day if in his discussions with the President of the United States the question was raised of T.C.A. entering into the lucrative Florida market by way of stop-off and onward privileges at Miami. He replied that no discussion had been had between himself and the President of the United States. It seems to me that those members of the government who are responsible, the chief one in my opinion being the Secretary of State for External Affairs, for the renegotiation of bilaterals should do everything they can to convince the United States authorities that T.C.A. has been placed in an awkward position because of rights which are being given foreign carriers and refused to Canadian carriers. How is it that these foreign carriers, Air France, Alitalia, Lufthansa, can travel from Montreal to Chicago, Montreal to San Francisco,

Montreal to Los Angeles, whereas the same privileges are not given to the Canadian carrier?

I think I have said enough to convince the minister that serious consideration should be given to what we on this side of the house think is a very important problem. We think that the principle of competition, which seems to have been engendered by the government since it has been in office, is causing our own carriers to be placed in an awkward and impossible position vis-à-vis other carriers from the point of view of financial results. With that in mind I would ask the minister to give the matter of these bilaterals his careful consideration.

**Mr. Fleming (Eglinton):** Mr. Chairman, we have just been treated to what is virtually a repeat performance on the part of the hon. member for Laurier. He gave us the same speech in the house on March 7 on a motion to resolve the house into committee of supply. He introduced an amendment to give effect to the views he then expressed and the house negated that amendment on March 8. But if the hon. member thinks this is worth repeating I am sure the committee is glad to hear what he has to say.

**Mr. Benidickson:** Mr. Chairman, as usual the Minister of Finance is rather contemptuous of suggestions that come from this side of the house, but may I point out to some of the backbenchers of the Conservative party that there are very large figures involved in clause 3. I talk to some of these gentlemen in the halls of the House of Commons and there they express some misgivings about advances such as are provided in clause 3 of the bill. The treasurer representing all the taxpayers of Canada is the Minister of Finance who is sitting in the house opposite us. I think he should indicate to us whether or not in three years he has seen fit to pare in any way any of the proposed capital expenditures for which authorization has been given to this crown company and, if so, when and to what extent.

I think we would like to hear from the minister what his projection is as to the possible earnings of the subsidiary of Canadian National Railways, Trans-Canada Air Lines; what they are likely to earn through betterment by virtue of the expenditure proposed in subclause 1 (b) of clause 3. The amount of \$86 million by way of capital expenditures is forecast here. What is the minister's advice from this crown company as to its possible earnings and possible profit or loss for the year 1960?

In addition, with respect to subclause 1 (a) we find an item that I do not think is ordinarily found in a bill of this kind, a provision