of Canada for relief of $808 million can be clearly portrayed. In the years 1942 to 1951, for example, it can be reasonably estimated that if CNR had accrued depreciation on all its structures, which is part of the point made by my colleague, the hon. member for Vegreville, it would have had approximately $110 million to $115 million more available for capital expenditures. Consequently, it would not have had to borrow the $110 million for capital expansion. However, the Capital Revision Act of 1952 in fact eliminated all the interest charge. As indicated, it wiped out all of the interest charge in respect of the government's participation.

● (2122)

Of the total government debt held, some $857 million, $736 million was converted to preferred stock, $100 million was converted to interest-free debentures, leaving a balance of $21 million. This has already been pointed out but it must be repeated. It is a reasonable assumption that the government held the debt of the CN. If the government had held the debt at the much lower rate in 1951-52 because of the depreciation accrual on structures, the amount of preferred stock would have been smaller; but it is difficult to see how higher depreciation accruals prior to that particular Capital Revision Act of 1952 could have had any effect on the present level of interest charges of CN.

We continue to be concerned about this because during the four-year period from 1952 to the 1955-56 year the depreciation on structures in Canada would have made available approximately $42 million to the CN for capital expenditures or whatever other purpose it might have had in mind.

My colleague has pointed out that this seems to approximate the amount by which the funded debt of the CN is higher because of the depreciation practices it has followed in comparison with that followed by the CP. I think this is apparent if you take 8 per cent, which represents the additional interest charges over that particular period of time, on something under $4 million during the year. At the very best the argument regarding insufficient depreciation having caused this situation is unacceptable and has to be viewed with some skepticism. The amount this would account for to this point in time would only be minor in terms of writing off debt, nowhere near the $808 million we are confronted with in this particular bill.

One could go on with these examples, and probably there are a dozen arguments that might occur to us, but all of them lead us to the shallowness of CN management and the government in their attempt to indicate to the people of Canada that in fact this $800 million is simply a paper transfer which in any event does not mean anything. I almost used the word "spurious" to describe that attempt by management and the government. What it amounts to is CN management suggesting that we should get out from under these old unworkable accounting practices. There is no suggestion they were unethical, but simply old fashioned practices which do not keep the system in line with the situation in the late 1970s and 1980s. Management is suggesting we should get the debt equity ratio in line with that of the Canadian Pacific. I do not know what is so magical about CP, but they keep referring to it. All of this just does not hold much water as far as I am concerned when viewed in conjunction with past practice. We have had three capital revision debt relief measures in respect of the CNR, all of them occurring very nearly within my lifetime; none has worked.

The hon. member for Vegreville (Mr. Mazankowski) made a very valid point. He asked what there is in this measure that will give us some assurance that when we write off the $808 million—and that is not a mundane matter—this parliament or a parliament ten or 15 years down the road will not be back here doing exactly the same thing. It is that question to which this House tonight and the committee within the next few days must address themselves. Hon. members must address themselves to this question in a way which I hope will reflect the type of assurance desired by the Canadian people. I hope there is some assurance that we will not be coming back to this chamber literally month in and month out, year in and year out, looking for debt relief of this magnitude on structures within our social and economic system.

This government is proud of the fact it has written off Air Canada's debt, the debt associated with the St. Lawrence Seaway and now Canadian National's debt. Please do not tell me that the writing off of the St. Lawrence Seaway debt cost the people of Canada nothing. Let us consider what it did to the ports of Halifax and Saint John. Who paid for this debt? I suggest the people of Atlantic Canada did.

An hon. Member: Oh, come on!

Mr. Forrestall: It is true.

An hon. Member: What about the expansion?

Mr. Forrestall: What expansion is that? I will mention the 115 per cent increase in freight rates on containers out of the port of Halifax since 1969 with another 6 per cent coming up in two or three months. The Council of Maritime Premiers and a premier of the province of Nova Scotia thought they knew the answers to everything, but they howled and cried when the CN said it wanted an increase in rates. Management finally said that they had made a lot of noise and would only put in the 4 per cent increase on January 1, instead of the 9 per cent. Do you realize what they intend to do on June 1? They will not just put on the other 5 per cent increase but will pick up what they have calculated they lost between those dates by not having the additional 5 per cent. The people of Atlantic Canada will not be paying the 9 per cent increase in 1978; they will be paying in reality something much closer to 10.5 per cent in additional freight rate charges. Do not talk to me about expansion and the grandeur of everything the CN has done for us.

Let us talk a little bit about the port of Halifax.

An hon. Member: Why don't you just mention the benefits you got through DREE?

Mr. Forrestall: What benefits?