

to a high of a \$49 million surplus. The total interest bill for 1969 for the CNR amounts to \$95.6 million. That includes interest on unfunded debt, the major portion of which is the unfunded liabilities to the CNR pension fund. I am not an accountant, but it seems silly to me to be voting funds each year to the CNR to clear up deficits when much or even all of the deficit each year can be attributed to the interest that the CNR owes to the government of Canada. In other words, we are voting money to pay back to ourselves.

One way out of this dilemma is for the people of Canada, through the government which is the major holder of shares and of the debts of the company, to forget about getting any interest or dividends until such time as the CNR's financial position is such that it will enable it to make returns on the investment of the people of Canada. Surely there are other kinds of returns on investment that are just as important or even more important than monetary returns. Surely, the best return which the people of Canada can have for our investment in the CNR is in an efficient, comprehensive, national railway system providing maximum service to our people. I submit that this kind of profit is much better than any monetary profit.

It is obvious that as long as we put a monetary return on investment ahead of a return through public service we prevent our national rail system from functioning in the manner we need and want. As long as we insist that charging and collecting interest are more important than better rail transportation services, then the CNR railway services and financial position will continue to deteriorate. We cannot continue this kind of financial structure for the CNR and expect to maintain and improve the services we receive from our rail transportation system. We cannot have it both ways.

One way out of the dilemma will require a fundamental change in the attitude of the government and a fundamental change in our national transportation policy. The government and all of its predecessors have continued transportation policies that are based on the private enterprise myth of competition and profits. I submit that that is what has got us into our transportation difficulties, and what perpetuates and compounds those difficulties now.

Railways, by the very nature of their operation, are an essential public enterprise operation. They are not competitive private enterprises. Therefore, they are a public utility and, Mr. Speaker, public utilities should be publicly owned. The aim of those utilities should be service for the people at the lowest possible cost, with profit something very secondary. National transportation policies, especially where they affect railways and airlines, based on private profit and competition principles, are illogical. It is economic nonsense to have competition amongst public utilities. If present government policies and attitudes toward air and rail transportation are logical, then it would be logical to have competing sewer and water systems, and it would be logical to have competing street and highway systems. Since no one with any sanity would propose such a thing, surely it is time to get rid of

Canadian National Railways

private enterprise and competition principles in policies for rail and air transportation in Canada. The application of competition and private enterprise principles to airlines is eroding the capability and viability of Air Canada.

• (3:40 p.m.)

One would have thought we would have learned our lesson, Mr. Speaker, from the mess we got into with our railways for the past 80 years, but no, we have continued along the same path. In years to come I predict that we will be facing a situation with regard to Air Canada similar to that facing us now with regard to Canadian National Railways.

All over the world airlines are in financial difficulties, mostly due to the fact that too many of them compete for the same traffic. This, combined with the large amount of capital required for planes, means that they cannot all survive or, if they are to do so, they have to be heavily subsidized by the public. I submit that we are sending Air Canada down the same route as we sent Canadian National Railways and the other railways prior to its formation. To allow Canadian Pacific to participate in the most lucrative air passenger traffic in Canada, transcontinental traffic, and to allow them routes where there is only sufficient traffic to support one viable and efficient airline means that the two airlines will not do nearly as well. Handing more and more routes over to a multiplicity of private regional carriers is to limit Air Canada.

One ridiculous example of this, Mr. Speaker, is giving TransAir one of the ten most lucrative routes that Air Canada formerly serviced. This hurts Air Canada but it helps some friends of the government, namely a former executive assistant to a cabinet minister and a defeated Liberal candidate in a recent byelection as well as others. TransAir was heavily subsidized by the government while it messed around trying to give air service in the Prairie provinces, but it never did accomplish much. Those TransAir services are now reduced to the point where they don't count, although they now have that going route from Winnipeg to Toronto through Thunder Bay and Sault Ste. Marie. This multiplicity of companies, all heavily financed—

Mr. Osler: Mr. Speaker, on a question of privilege—

Mr. Speaker: The hon. member for Winnipeg South Centre seeks the floor on a question of privilege.

Mr. Osler: Mr. Speaker, as a member of the party involved in the byelection referred to a moment ago, I want to make it abundantly clear that the gentleman whose name was not mentioned but was alluded to, had no connection whatsoever with TransAir until after the byelection. I do not see any reason why the two things go together.

Mr. Speaker: Order, please. This is a point of debate and not a question of privilege.

Mr. McCleave: He was paid now but flew later.