

question of our very knowledgeable Minister of Finance (Mr. Turner).

Bill C-5 provides the Canadian National Railway Company with an authorization to raise a loan. Can the minister tell the House under what conditions these loans have been raised by the company last year, since he does not know about this year? Particularly, what was the interest rate, over how many years is the reimbursement spread and what are the general conditions of repayment?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, one of the purposes of this bill is to allow Air Canada and the Canadian National Railway Company to borrow from the government at interest rates much lower than the commercial ones. In fact, they borrow from the government at an interest rate equivalent to the one paid by the government on Treasury bills, plus a provision for administration costs.

Mr. Fortin: Mr. Speaker, since these loans are indeed granted by the Department of Finance, I imagine that the minister knows the rate at which the government grants loans to Crown corporations in general, and it is precisely that rate that I would like to know, if possible, for last year, for instance.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, there were variations from 6 to 8 per cent in the interest rate for 1973 Treasury bills.

Mr. Fortin: I would like to make a comment, Mr. Speaker. Since Bill C-5 provides that the Canadian Parliament shall vote an amount of \$225,000,000 to meet operating expenditures of the company and since, on the other hand, it is public funds that we are going to vote, that the Canadian government lends public money to that company and that company reimburses the government with public money, I would ask the Minister of Finance whether he does not find it ridiculous that Canadians lend money at a prohibitive interest rate while they could do so at an administrative rate, because the Minister of Finance would not lend money to himself at such a high interest rate.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I do not intend to discuss the theory which the hon. member knows quite well, but I will say in any case that there is a legal difference between the Canadian National Railways and the government.

In short, I do not lend the money myself, I am the trustee of the Canadian taxpayer.

Mr. Fortin: I rise on a point of order, Mr. Speaker. If legally, the government, as stated by the Minister of Finance, is empowered to lend at 6, 7 or 8 per cent, I would ask the minister, in all honesty, why is he not entitled to lend at 1½ or 2 per cent?

Mr. Turner (Ottawa-Carleton): Because it is provided in the legislation, Mr. Speaker.

Mr. Fortin: We are here to amend the law.

Canadian National Railways and Air Canada

[English]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has again raised the problem of pensions which are currently under negotiation, a problem which is causing a great deal of concern. However, I presume that this matter will be satisfactorily settled.

The manner in which we have carried out this financing of Canadian National and Air Canada over the years really does not seem to be in the interests of developing an adequate transportation system. In this piece of legislation we are repeating the sins of 30 years ago. We are allowing Air Canada to go into commerce an investment portfolio. If ever there was anything which loused up transportation and ended Pierre Burton's dream it was when the railway companies ceased to be railway companies and became investors in everything from land to hotels, to the point where today we do not have adequate rail service to meet our needs, either from the CNR, the CPR, or from both of them in combination.

Now, we are going to allow Air Canada to open its own investment portfolio, and we will lend it the money to do so. It seems idiotic that we should repeat the mistake that we made with the railroads, and that we should not learn from our history in that regard. It might be advantageous for the minister himself to set up another Comstock company, or to manufacture airplanes, but I certainly hope he will not allow Air Canada to do this. Air Canada will never go back to using either the single engine or twin engine Otter, and therefore I do not see any reason why it should become involved in the manufacture of such planes.

I also suggest that if Air Canada is not able to make money on the charter business itself, then the least it should do is buy Wardair out, particularly if Wardair has all the expertise in that field. Why have Air Canada just invested in that company? Why not buy it out completely? Most people believe Air Canada was established and financed by the government to provide service by flying airplanes on behalf of the Canadian people. It was not really set up to make a profit. I repeat that it was set up to provide service to people, but with every day that goes by it is drifting further and further away from that objective.

The hon. member for Crowfoot (Mr. Horner), who represents a rural area somewhat similar to mine, is well aware of the problem we face in air transportation. Really, the government has no air transport policy. It has established an air committee which decides on who gets the licenses. Under the Canadian Transport Act, the minister has the right to override such decisions, and occasionally does so, although so far as I am concerned this is not necessarily done in the interests of the public but for rather obscure reasons.

Air Canada and all other major carriers are well supervised, but this does not hold true with respect to the lower categories. For years Air Canada had to fly from the west through Kapuskasing, North Bay, through to Toronto, Ottawa and Montreal, but for a number of years it has not had a connecting route from Northern Ontario to western Canada. The only exception was a route between Toronto and Montreal going through the northland of Quebec and Ontario. But it was interesting when a third class carrier