

has decided upon an air policy, then I would ask him what is going to be done about these small carriers. Is Air Canada going to end up with all the profitable long-haul routes? If so, let him tell us. Then we will know how to attack the problem of getting a proper service on shorthaul routes. If Air Canada is going out of the shorthaul business, then the minister should not be negotiating with carriers such as Eastern Provincial and Quebecair who apparently are quite prepared to take on these smaller routes. But let us have some clear, delineated policy. These are the things that give us some concern in connection with the bill. Not only that, we are being asked to rubber stamp the spending of money in the face of no clear statement of transportation policy by the government with respect to rail traffic, air traffic or highways. Let the government give the House some answers to these questions. We will then be able to discuss these matters in committee intelligently with officials of CN and Air Canada.

Before resuming my seat may I say that I hope the officials of Air Canada will appear before the committee this year. How can we obtain answers from Air Canada when none of their officials appears before the committee? They did not appear at all last year. I hope the minister will give his guarantee that the Air Canada officials will appear before the standing committee to justify some of the actions they have been taking in the last few weeks.

**Mr. Doug Rowland (Selkirk):** Mr. Speaker, this bill gives the House the opportunity of dealing with so many situations, most of them horrible, such as the laying off of 415 Air Canada employees, that one hardly knows where to begin. However, I think I would be remiss if I did not take a moment at the commencement of my remarks to comment upon the welcome announcement made by the Minister of Transport (Mr. Jamieson) last Friday that the Canadian National Railways has improved the pension benefits of its retired employees. I would be remiss in not mentioning that because the capitulation of the railway was due to the unceasing efforts of some of the members of this House over a long number of years, and they deserve our congratulations. In this regard I should like to make special reference to my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), who has worked on this problem for some 25 years.

I should like also specifically to congratulate members of all parties in the House who did such an excellent job in preparing the unanimous report of the Standing Committee on Transportation and Communications which recommended action by the CNR on the pension question. Undoubtedly, the report of the committee, coupled with the firm resolve of members in all parts of the House not to let this bill through until the pensions of retired CNR employees were improved, precipitated the decision of CNR management to implement many of the committee's recommendations.

Having said that, it remains necessary to remind the House once again that there are still three battles to be fought and won before we can be satisfied with the CN

### *Canadian National Railways*

pensions. First, in the plan for public servants announced on December 19, 1969 and placed in effect in April of last year, provision was made for the 2 per cent increase for each year of retirement to be compounded back over the years so that ten years' retirement, for example, would result in more than a 20 per cent increase in pension benefits. I suggest that the CNR would be well advised to look at this precedent with a view to implementing it in respect of their own retired employees.

Second, the plan recently announced by Canadian National Railways does not seem to include provisions for future increases in pension benefits as the cost of living increases. This provision was made for retired public service employees, and once again it is a precedent that the CNR would be well advised to follow.

The third factor to which we must devote some attention, I suggest, is that there be included in the retirement plan for current employees of the Canadian National Railways provision for the automatic escalation of their pensions in order to keep them in step with increases in the cost of living. The minister has said that this question is going to be left to the process of collective bargaining. I can only express the opinion that the CNR would be well advised to avoid resisting any such demand on the part of its current employees in light of recent precedents.

I should like to turn now to another matter, one that was highly contentious in the transportation committee and which it seems is going to be referred now to the committee for study. I refer to the capital debt structure of the CNR. The work that the transportation committee did on the question of pensions provides an excellent recommendation for its becoming involved in a study of the capital debt structure of the railroad. Ever since its inception the CNR, no matter what its operating position has been, has shown a net loss because of the burden of public debt with which it has been saddled. I refer to public debt, not to railroad debt.

• (4:00 p.m.)

The CNR was saddled with this immense debt because the government backed crabwise into public ownership of a group of bankrupt railroads, not with the need to provide necessary public service as its primary consideration but, rather, in an attempt to save a number of its political friends from sustaining severe financial losses. The result was that the government paid 100 cents on the dollar for shares worth about 25 cents, and the railroad has ever since been paying interest on what was essentially a rotten investment.

I think it is about time that this debt was removed from the shoulders of the CNR and that it be treated as it properly is, a public debt. In this way the government, this House and the public could finally get the true financial position of the CNR. This is something long overdue and something which I have no doubt the Standing Committee on Transportation and Communication will recommend once seized with the problem.

I am sure hon. members of this House have been receiving letters, as I have, protesting the cancellation of CNR trains Nos. 7 and 8. I am in entire sympathy with