

*Provision of Moneys to CNR and Air Canada*

development of the Canadian National Railways. When our country's constitution was drawn up, the railway was the link between all regions of Canada, admittedly a huge country. As the Prime Minister (Mr. Trudeau) would say, Canadians tightened their belts to build that railway. They are paying today over \$70 million in interest on the CNR debt. In fact they are still paying and most hon. members approve unreservedly the policy of the Commission.

Two points should be mentioned here. First, do the services meet the needs of the Canadian people? Has the CNR progressed at the same rate as the country? Is the financing system of the CNR adequate for such a gigantic service company? I doubt it particularly as regards its financing system.

I would like to say to the House that I do not agree with the CNR policy in regard to its financing method, and this because I feel it is ridiculous to pay over \$70 million in interest per year to cover the cost of using the railway. Indeed why reimburse more than the capital when the quality of the service is deteriorating?

Mr. Speaker, there is another way of financing the CNR, and turning it into a state-run company will not solve anything, whatever the members of the New Democratic party say to the contrary. They claim that we would then pay less interest. I wish I had more time at my disposal to show that the operation of a Crown corporation always costs more.

A public enterprise cannot guarantee such good services as it is based on a frustrating and overwhelming bureaucratic system which entails unfair treatment about which neither the people nor the members of this house can do anything.

I think that the financing of the C.N.R. should be made through new credits, free from any debt, repayable as per the depreciation rate of the new branch lines, the new stations, etc., which cannot cause inflation and, at this stage, I will expand on this theory.

When the old parties claim that new issues of credit would cause inflation, their argument is indefensible, because under the present financial system, when the government votes supplies or decides to invest in any project, what happens? Our representatives leave on a pilgrimage to meet with big financiers in foreign countries and beg them on their knees to advance them certain

[Mr. Fortin.]

amounts of money at an interest rate fixed by high finance. Then they come back, glad that they have undermined even more the position of Canadians in the fiscal and monetary fields, and tell us triumphantly that they have been able to borrow \$30 million at a given interest rate. Then, works are undertaken with money borrowed from other countries, scraps of scrip money which allow us to produce and to develop our country.

Obviously, before it was borrowed from the United States, for example, this money did not exist in Canada. Once in Canada, it becomes a surplus, which increases the existing purchasing power and affects the economy.

We, of the Ralliement Cr ditiste, say that the money we borrow from foreign countries at prohibitive rates only makes our economic situation worse. This money should be based on new credits, in order to finance a public venture like the C.N.R. through the Bank of Canada which should belong to all Canadians and should be controlled by parliament and not by capitalists. Those new credits are evidently new money which increases the purchasing power already existing in Canada just like the money borrowed from foreign countries, the only difference being that it must be borrowed at a rate of interest set by foreigners. Therefore, they exploit us while the Bank of Canada would lend money at a rate of interest not exceeding 1, 1½ or ¾ per cent to pay the administration costs of the loan.

• (4:40 p.m.)

Under the present system, after borrowing at a prohibitive rate of interest amounts which are added to the present purchasing power in Canada, the government increases taxes and the taxpayers are the ones who repay to the government the building costs or the cost of the project. Once the money is recovered, the Department of Finance pays off gradually the interests and principal to foreigners.

Under the present system, in order to build a school, for instance, or to finance the CNR or to build a road, we repay twice or three times the cost of the works before the debt itself is paid off.

Official documents prove that the Jacques Cartier bridge, for instance, and as a matter of fact almost every public property in Canada, is paid three or four times its actual