

Canadian National Railways

profit for those who invested their money in the railroads. Surely these two reasons still exist. I do not believe that the need to make money has become the only end we should keep in mind.

• (5:10 p.m.)

Surely the type of service that was needed at the beginning to make us effective and competitive in the markets of the world is as important now as it was then. In the beginning, at least in western Canada, the whole basic design was to maintain an east-west flow of traffic. In fact in the original plans for the prairies there was a definite decision that we would not allow the building of any more north-south lines leading into the United States, but rather that the traffic would be east-west to move manufactured goods into western Canada and to move out whatever was produced there. In other words the considerations were profit, a sound economy, service to the people and a service for the industries and the things the people produced. I believe we should still have these things in mind if we are to have a viable economy, and if the railroads are to serve the people.

I do not intend to talk about passenger service, that has been well covered. I do want to make a plea, however, for a rational transportation system that will move the potash, the grain and the other things we produce efficiently and cheaply to where they are to be sold.

Resolution reported and concurred in.

Mr. Macdonald, Rosedale (for Mr. Benson) thereupon moved for leave to introduce Bill No. C-124, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1968, to the 30th day of June, 1969, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and by Air Canada.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Richard in the chair.

The Acting Chairman (Mr. Richard): House in committee of the whole on clause 2.

On clause 2—*Définitions.*

Mr. Bell: Mr. Chairman, you surprised me by calling clause 2. I suppose that is correct. I had intended earlier this afternoon to speak

along the lines followed by other hon. members, but when I saw the mood of the house and an indication that we would make progress I thought I would hold back my remarks until we reached the committee stage.

Of course, this is a routine financing bill. It is similar to those of other years, although there certainly is a great deal of new money being requested and some new ideas contained in it. I believe we should have some indication concerning the position of Air Canada. I am not necessarily speaking about the new appointments that may be made. I realize it probably would be proper to do so, but I do not believe this is the moment to go into that. At this stage I should like to ask what is happening in respect of the particular survey that was conducted into the possibility of Air Canada being made a public company. Also I would be interested to hear what the investment people who were consulted had to say about this possibility.

Without becoming involved in all the problems of Air Canada, I think I am in order in asking just what may be expected in so far as Air Canada is concerned. I realize the hon. member for Oxford had something to say about this this afternoon, and I believe he said it very well. I would like to have some indication of what can be expected so far as the financing of Air Canada is concerned, and whether it is to go public. What did the investment people who were consulted have to say about this; were they optimistic? I have been a member of the committee on transport and communications for a number of years. I am also one of those who believe that Air Canada should be given an opportunity to stand on its own two feet and be a separate entity, and that it should not be attached to the C.N.R. in the way it is, in respect of financial matters I would be grateful for a reply in this regard.

Mr. Gray: Mr. Chairman, all I can say in this regard is that if the bill is adopted by the house, in addition to authority for Air Canada to borrow \$75 million from the C.N.R., Air Canada will have authority either to go to the market for an amount up to \$130 million or borrow this amount indirectly from Her Majesty. This bill will give that option to Air Canada. I am not in a position, however, to say exactly how and to what extent this will be used.