

Supply

If a private corporation had gone to a banker anywhere in the world and asked for a loan to operate a passenger railroad with equipment from 30 to 50 years old needing repair and refurbishing, with no prospect of making a nickel or even breaking even, he would have been laughed out of the bank or even out of town.

It has been pointed out not only by myself but by independent experts that had new equipment been put on stream starting in 1977-78, equipment with a life span of 30 to 50 years, the savings in the operation and maintenance costs would have paid for the cost of the new equipment in about seven years. That is a sound business practice.

What did the previous government and this government do? They refused to order the equipment. They did finally smarten up and realized they had to get some new locomotives or the thing would have ground to a halt. If you want to reduce the subsidy to VIA Rail annually by tens of millions of dollars, then the placement of the new rolling stock is fundamental. You cannot do it without the new rolling stock.

The Trans-Orient, a consortium of builders of railway rolling stocks, has the best expertise in the world, or as good as any in the world; let's put it that way. Would you believe, Mr. Speaker, the Government of Canada has put up the guaranteed financing for new rolling stock built by Bombardier for Amtrak? The Minister of Transport and his department and the Minister of Finance and his department have yet to answer that question. How come we can provide the financing for new rolling stock as the Government of Canada on behalf of the taxpayers for a passenger railway in the United States, but we cannot do it for our own passenger railway in Canada? It boggles the mind.

I repeat for the umpteenth time that you must have in a rail passenger corporation people who know something about transportation economics and transportation marketing. I feel extremely sorry for most, not all, of the management at VIA Rail since 1977. They have not been allowed to function. They have not been allowed to do what they knew had to be done to make VIA Rail succeed.

• (1340)

VIA Rail management in the past 12 years has been required to function within the framework of government policy. Government policy has annually restricted VIA Rail. I coined the phrase in 1978 "VIA Rail, designed to fail". This government and the previous one

had no intention as a matter of policy to make it possible for VIA Rail to succeed.

I find most distressing all the talk and whatnot that has gone on in this place and outside this place about parliamentary reform, the independence of committees, and the government paying attention to what the House of Commons and the members thereof have to say.

It is obvious in this instance and in other ones—and it will be in future ones—that the government makes a decision and then after the fact a parliamentary committee using its independence decides to hold hearings on the matter. The government after the fact appoints a royal commission. If you have ever played poker or any other kind of gambling games, the one thing you are bound to lose at, a lead pipe cinch, is to play against a stacked deck. This deck has been stacked since 1977.

The minister asks: "Where are you going to get the money?" My colleague said that if you lower the interest rate 1 per cent the government would save \$1.5 billion. All the financial experts I have listened to and read and heard over the last year or two said that the most sensible spread between Canadian and U.S. interest rates was a maximum of 3 per cent. We are now up to a 4.5 per cent or 5 per cent spread between the interest rates here and in the U.S.

I understand and appreciate the historical reasoning that having our interest rates higher than theirs will attract investment and all that. The spread has now reached the point of increasing our deficit and preventing the government of the day and Parliament from acting the way they should on things such as a national rail passenger system.

The committee was, to put it nicely, very diplomatic, very positive. We could have tried to say things that were a lot tougher and meaner. We heard from over 30 groups and individuals, and something over 100 people were part of those groups. Of all the individuals, groups and whatnot we heard from three agreed with the government proposal. One was the Minister of Transport. Well that is understandable, to put it nicely. The other was Mr. Lawless, that coyote in the chicken coop who is running both CN and VIA Rail. The third was the