

of transport in June of 1952 when he was opening the debate on Bill C-308. Let me quote him as follows:

... in this measure we have gone a great distance to grant the CNR relief from the fixed charges and to bring them to a position not on a parallel with that of Class I railways of the U.S. or with that of the CPR for that matter, but to bring them to a more comparable basis.

In other words, back in 1952 we were talking about bringing the CNR to a more comparable basis, rather than about a class I railway, or even one comparable with that of the CPR. In the same speech the minister said:

The intention of this formula is to lessen charges, to give more incentive to railway management and railway employees and to encourage the railway to earn greater gross revenues. If that can be done, a position should be arrived at which would free the Canadian National Railways from these large deficit operations.

That was back in June of 1952. Another aspect of the minister's opening statement was as follows:

The interest which will be forgone on converted debt will be more than offset by the elimination of the requirement for the government to purchase CNR preferred shares.

Yet we heard the hon. member for Lisgar state that from 1952 to 1960 we had the obligation to purchase these shares, on a formula based on gross revenues, at 4 per cent. However, for some reason or other the government saw fit to carry on with the \$80 million appropriation to the CNR. From 1960 onward there was no obligation at all to do so.

I would also like to remind the House that the CNR has received by way of capital revisions or other contributions from government in excess of \$6 billion since the 1923 recapitalization. The CNR has been able to borrow from the federal treasury for both short and long term debt at interest rates at least 2 per cent cheaper than anybody else can borrow in Canada. It has had an awful lot of advantage from the businessman's point of view. It has really not been capitalized, and I really have to question whether the leverage it has been given of three recapitalizations, and the appropriations it has received, has been used with frugality.

A very important member of my family to me spent his whole lifetime serving the CNR. I can remember the time when the Gordon philosophy was: "Borrow all you can because you never have to pay it back." Yet if we go back to the 1972 Benson tax act we get into this stupid philosophy of "a buck is a buck is a buck," trying to get at those in the private sector who have to work under some degree of frugality. Please excuse me if I get a little uptight when I see this type of resource managed loosely, abused or not managed in a true business sense, because every time there is a dollar of waste in the system it is at the expense of distributing that which is available for everybody.

I criticize Crown corporations and the government system for waste, which I think is costing the Canadian people about one million man-years of work. Although this cost of waste within this system and within the discretionary aspect of the system is serious, it is infinitesimal compared to the waste which exists at large within the country. We are not going to start getting at that waste until we start calling on our Crown corporations and our government departments for some meas-

ure of financial management control and for some accountability. We must keep parliament in the position of continually reviewing and demanding performance from our departments, agencies and Crown corporations. This is why I feel privileged to speak to the motion of my colleague the hon. member for Lisgar.

● (2152)

If you look at the CNR statement, Mr. Speaker, you will find that it refers to a string of subsidiary companies. How effective are all these companies? I can remember when they were putting them together as a result of the 1952 recapitalization and they got their ratios in line with the CPR so that they could operate in the financial money markets of the country and the world. They immediately went on the wildest spending binge you could imagine. They got themselves into an expenditure of something like \$1.8 billion; they ran their debt to something like \$900 million in 1961, and by 1977 the debt of the CNR was \$2.02 billion.

These figures are hard to comprehend, yet here we are getting into the same thing again of not having carefully put in place measures whereby we could control and put in place overviews on the financial management control systems of a Crown corporation such as this, measures where that Crown corporation is made accountable to parliament through one of the committees that is equipped with research staff to handle it. Are we back into a repeat of the 1952 recapitalization by cancelling this calculated, mysterious \$808 million that was found in a depreciation account and which should have been cancelled but was not? Now they want it cancelled to give that Crown corporation debt ratios that are the same as the CPR once again. Are we not going to call for some measure of accountability so that we do not get into another runaway mess where they buy everything in town?

If we start to review what they did following that recapitalization, pretty well overnight, and in at least half the time taken by the Canadian Pacific Railway, they converted their steam plant and all of their steam engines to diesel. The problems they had on their balance sheets during that period were unbelievable. On the other hand, the Canadian Pacific Railway phased out their steam engines as they were depreciated, just as Canadian Pacific phases out its flying equipment—it is depreciated and then they bring on stream and put into its plant new equipment, thereby using a proper depreciation method.

I am very nervous at what the government is doing in this bill, and I think that I have good reason to be. This recapitalization in 1978 is bringing about ratios again that will open up the doors of the private financial institutions, and then what is going to happen? We are going to go in with a briefcase and we are going to come out with a truckload of money. What kind of pressure is this going to put on the private sector? It is going to increase interest rates and reduce the over-all credit that is available.

We already have the Export Development Corporation talking about borrowing billions of dollars, and there does not