

Provision of Moneys to CNR and Air Canada

The sale of timber, coal and all the other financial returns from this land, are never taken into account when they talk about passenger services between Esquimalt and Nanaimo.

• (4:40 p.m.)

This is one of the areas they want to abandon. I speak out against these proposals for abandonment on the part of the railways. One or two adjustments may be necessary with regard to some of the lines but we should take a careful look at all these requests for abandonment; perhaps they are just another method of attempting to get a further subsidy from the federal government. The fact is, we cannot begin to segregate one small phase of an operation and say it is uneconomic and must therefore be brought to an end. We must look at the whole picture.

There is one other point I should like to make. We know that requests for authority to construct railway lines are frequently made to the Transport Commission. Two companies in British Columbia are currently requesting permission to build spur lines to hook up with the Great Northern Railway system in the United States. The intention is to haul Canadian coal to the Pacific coast via United States railway lines. When we examined the situation we found that the CPR had adequate facilities for doing the job. In my opinion the position of the government and of members of this House generally should be that in cases where it is at all possible, all Canadian resources should be hauled to the ports via an all-Canadian route. There may be the odd instance in which freight rates are so fantastically high that a diversion would be necessary, but the over-all policy should be as I have stated it. If we get away from this principle we are doing damage to the economy of Canada by cutting down the number of jobs available on the locomotives, and so on, which are used in the transportation business. This is why I say that applications whose acceptance would mean the diversion of traffic to United States lines, when our own lines are being used only to partial capacity, should in most cases be turned down.

I should like to say something now about the over-all debt of the CNR. We have all been through the annual report. It is rather distressing. We see that in the fiscal year just ended the CNR made a net income of more than \$41 million. At the same time, the interest on the old debt which we guaranteed many years ago amounts to more than \$70

[Mr. Harding.]

million, and the federal treasury must end up paying the difference. We find that the long-term debt of the company amounts to almost \$2 billion, a terrific sum of money which includes bonds to the value of \$1,132 million. Some hon. members have declared it is time to transfer this debt from the books of the CNR to the federal treasury. I am not sure this is the proper way of dealing with it, but interest repayments of this magnitude are obviously killing the CNR no matter how efficient it may be.

The regrettable thing is that when the CNR was formed over 40 years ago in 1923, the central government took over a whole network of private railways which at that time were on the verge of bankruptcy. The price of the stocks was high, however, and we guaranteed the interest payments on them. This is why we are in the glue today. The situation needs a thorough review and I am glad to see the subject going to the committee.

I understand, Mr. Speaker, that there are two or three other hon. members who would like to speak on the bill before the House rises at six o'clock. I wish to conclude by emphasizing the extent to which a country like Canada, one of the largest in the world, depends upon the existence of a sound and efficient transportation system. I hope members in all parties will give a great deal of thought to the subject within the next few months and that before this Parliament is over we shall see a change in transportation policy as compared with the policy we have followed so far.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in the opening days of this debate on the affairs of the CNR, I spoke at length expressing some of my concern about the whole transportation system in Canada. While I do not wish to repeat myself, I believe some things ought to be emphasized before this debate concludes.

In the course of the Federal-Provincial Conference just ended, three or four of the prairie premiers expressed concern over freight rates. The Prime Minister (Mr. Trudeau) who took the chair at the conference indicated that if they really wanted it done, an investigation or a study could be made of the freight rate question. In retrospect, this whole discussion at the conference would have been unnecessary if this House had given more careful consideration to the transportation bill which, at the time, stressed that competition would become the main factor in