

The Canadian National debt is now about \$1,898,801,641. It is rather impressive for a Crown company. I admit that it must serve an immense territory—the whole of Canada—and maintain thousands of miles of tracks, the like of which is practically non-existent in any other country.

Nevertheless, such a heavy debt for which exorbitant interests must be paid each year might only be attributed to the bad administration of public funds. For instance, we will have on January 16, 1971 to repay a \$40 million loan on January 16, 1971 and in December 1971 another amount of \$184,643,000.

In the bill under consideration we are being asked to vote moneys to meet such a debt. Where will the government take the necessary funds to provide them to the Canadian National?

It will have to resort to the sale of bonds on the public and American markets in order to meet its financial commitments.

It is like a gardener who wishes to fill a hole in his garden and digs another one to get the necessary earth.

So finally we end up facing another deficit. We are no better off. The situation as far as Canadian National Railways and Air Canada are concerned is exactly the same as that applying to the administration of the country.

When debts come due for reimbursement, we borrow. The situation worsens from year to year. I notice that the two payments Canadian National Railways will have to meet in 1971 cover loans obtained at interest rates of 2½ per cent and 5½ per cent respectively.

To be sure, any loans the Canadian government will have to contract this year or in 1971 will be granted at rates of interest much higher than those which applied 12 or 21 years ago.

The situation is not improving and the government has not done anything about it so far. The Ralliement créditiste offers a solution. It is asking the government to finance the public sector and to use the Bank of Canada for this purpose. As a matter of fact, many Crown corporations have to be financed in his way.

What has happened over the last 25 years? In looking at a table contained in the report for the year 1969, we find that during the last 25 years, the CNR has paid in interests \$1,265,721,000, which is almost the amount of its debt.

It is obvious that this \$1.25 billion went to someone, somewhere. It is also obvious that Canadian taxpayers, workers, CN employees have had to pay the interest charged by financiers. One can thus understand why I ask that the Bank of Canada should finance, without interest, these public expenditures.

Looking at the same table, it is to be noticed that for the year 1969, the profit of Canadian National Railways amounted to \$49,500,000.

One cannot say that the managers or the employees of this company are no good administrators since they

Canadian National Railways

managed to make a profit of \$49,500,000. It goes without saying that we have nothing to hold against the management of Canadian National Railways.

However, we also find that interest charges during the same year, 1969, reached \$74,205,000.

This is where the administration is faulty. This means that a profit of \$49,500,000 was transformed into a deficit of \$24,500,000 due to the interest on the debt. So the CNR has a deficit of \$24,500,000 and today we are asked to vote the necessary credits to cover that deficit.

Mr. Speaker, it is certain that the Canadian government is not getting ahead by administering the public sector in this fashion. I do not blame the administrators of these Crown Corporations, but the government because it failed in its management to make a profit, at least as far as the CNR is concerned.

Mr. Speaker, before concluding my remarks, I should like to point out that a \$49.5 million profit would have enabled the Canadian National to improve its passenger services, for instance, or its freight services. It could also have provided from its revenue for the developments needed by its transport industry, either by building branch lines or by improving its various telecommunication and hotel services. It should have given its employees better working conditions, for there is considerable room for improvement in this field.

This could have been possible if the government had tried to manage the Canadian National wisely.

• (12:20 p.m.)

[English]

Mr. J. H. Horner (Crowfoot): Mr. Speaker, while the minister was making his brief opening remarks on the introduction of this bill I happened to be called away to the telephone and therefore did not hear all his remarks. This is an annual bill. In assessing the finances of the CNR and Air Canada one really should ask one's self, are these finances examined as carefully as they should be or is this just an annual bill which is given a brief examination? Who audits the accounts of the CNR and Air Canada? No doubt it is done by auditors hired by Air Canada and the CNR. Yet, when we are considering the duties of the Auditor General this is one issue which certainly should be considered. The duty of the Auditor General is to closely scrutinize government spending. I think when we see the deficit of the CNR and the deficit which Air Canada is building up, it is high time the Auditor General was given the duty of carefully examining the accounts of Crown corporations as well as the accounts of departments of government.

The CNR continues to build up deficits, and to spend more and more money on enlarging its facilities, while passenger and freight services are declining. At the same time Air Canada is buying airplanes perhaps even ahead of the game. The jumbo jets are to go into service in 1971 with Air Canada and they will be very difficult to fill on international flights or on long domestic flights within Canada. When one examines this particular financing bill, one notes that of an amount of \$229 million, \$174