

Canadian National Railways and Air Canada

House. They pay no attention to the cost of operating and no attention to regular overhead factors.

When they run into a problem like the Chateau Laurier down the street, they apologize in their financial statement and say that some new hotels were opened in Ottawa. They made 7.4 per cent on \$12 million. But look at the property that the Chateau sits on. You could not buy it for \$12 million today. It is certainly worth more than that; but they wanted the book value at the time they bought the property for next to zip. That is the kind of book value we are talking about in railroad figures. They are not realistic values at all but values they paid away back when. We are not talking about return on today's dollars; we are talking about return on book dollars. Book dollars do not mean anything when you talk about the real estate this company has. It could not care less about real values. It has a board of directors that does not give a damn about the people of Canada, about the taxpayer, about hard-earned money; it wants to use the money of the people of Canada in any way it can to build up its empire. They come to this House and ask for money.

An hon. Member: Tell us about the CPR.

Mr. Blenkarn: At least I will put my tax money into the CPR. The CNR has 4 per cent preferred stock, non-cumulative. The last time it paid a dividend was in the early fifties, yet we are supposed to invest the money of the people of Canada in a system called a railroad. It is not a railroad; it is a tower builder or a hotel builder. It wants to build monstrous things for its own ego. It does not care about moving grain or providing a commuter service; it does not care about moving lumber or potatoes—it cares only about hotels and fancy restaurants high in the air.

If you go through that statement, Mr. Speaker, you will find that the only hotels which make a profit for the CNR are those managed by Hilton. That is an international, American organization. This government does not even care about Canadian ownership and has to find an American company to manage its properties. That is how it has to make a profit, by turning these hotels over to Hilton. It is about time we turned them all over to Hilton, or sold them or something, because there is no reason why the people of Canada should pour the money earned by their sweat into this management in order to run hotels. They do not know how to run them. About the only hotel they can run is the Queen Elizabeth Hotel in Montreal, which made 9.9 per cent last year and 10 per cent the year before—only because they got Hilton to run it for them.

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These facts constitute the greatest condemnation of this railroad. The only hotel investment that is showing the sort of realistic return that private enterprise would expect is the Queen Elizabeth Hotel in Montreal, run by the Hilton hotel chain. The truth is that incompetent and incapable managers are overseeing the investments of the people of Canada. That is a pretty serious thing to say, but it bears repeating: that management is incompetent and incapable. Can we, in justice, vote to this corporation, which is run by the kind of management appointed by this government, money that has come out of the pockets of

[Mr. Blenkarn.]

the taxpayers of this country so that that management can run up one loss after another?

When the president of Canadian National Railways was asked about hotels, he said something like this, "Well, it looks as if we have a pretty good hotel, the Beauséjour, in Moncton." Although every one of these hotels is a loser except the one in Montreal run by Hilton, he had the audacity to suggest that he could make 12 per cent on the hotel in Moncton. That is the first time he thought he could make 12 per cent on anything, and he had the audacity to suggest the railway could make 12 per cent on that hotel.

I suggest that the management of this railroad has no business in the field of hotels and I say this for several reasons. At one time when transporting people it may have been necessary for the railroads to maintain a stop-over place for its passengers. These days the railroads are not interested in carrying passengers; they are only interested in moving freight, and not too interested in that unless it is high-priced freight. They do not want to move grain; that is not their business and they do not feel concerned about that. They should not be in the hotel business. They do not need hotels. Private enterprise in this country has developed hotel after hotel, as one can see in this city for example, which make a gross profit of between 15 and 18 per cent and which after taxes, after expenses, after interest and after all the rest of the "afters" make at least 10 per cent on invested money.

When the railroad talks about a 10 per cent profit, what does that mean? I do not think interest is calculated. On reading the statement you will find that after interest the railroad only lost about \$17 million! Every business, sir, must pay interest on borrowed money. This railroad must take into account interest on borrowed money. After taking into account interest on money borrowed in the hotel operation, the railroad, instead of making, say 1.5 per cent on its hotels, has lost 10 per cent. If interest on borrowed money were taken into account in the case of the Montreal hotel run by Hilton, it would be found that that hotel made a little money but not that much. These people do not really care about the people of Canada; they do not care about the taxpayer. They just want more money to build bigger buildings and say they have a bigger operation going for them. They do not really care about us. Yet they have the audacity to come to parliament and ask for money for hotels.

Private corporations pay corporate taxes. They pay the same wages, at least, as these hotels. I will not attempt to argue whether the wages of hotel workers are adequate. But this railroad does not care. It still pays the lowest possible minimum wage. This railroad does not care about bettering the conditions of its employees. It does not care about poor people who need rooms. It does not supply any gratuitous service to the poor traveller. This railroad operates hotels just the same as anybody else, except that it cannot make a profit.

Why is this railroad in the hotel business at all? Clearly, it got into that business because it inherited the hotels and has kept operating them. It has kept losing money, but has come to parliament for more simply because there is a parliament of Canada willing to pay and because there are