

*Committee on Railways and Shipping*

example, I read a few lines like these in the April 11, 1953, issue of *Business Week*:

*Hotels Wide-eyed.*

Hotelmen are broadening their view of possible sites, see U.S.-run hotels in every corner of free world.

Bent on building an empire abroad, U.S. hotelmen are eyeing every major city in the free world as a possible hotel site.

Those of us who admire free enterprise, as certainly I do, can admire admissions like that; but I do not think we necessarily need to condone the obvious attempt of the government in this instance to put Canadian funds and Canadian effort at the disposal of these empire builders of the United States, particularly when, as we know, they have sizeable funds of their own which we would be more than anxious, I would think, to welcome for investment in Canada, perhaps in the hotel business. We must not forget that Mr. Hilton himself invested some \$111 million in the purchase of the Statler chain just a little while ago.

Now, Mr. Speaker, on the statement that the hotel will be identified as Canadian, I point out to the house that the normal operation of this chain is to identify its hotels as Hilton hotels, particularly when they are located in parts of the world other than the United States. They so identify these hotels even under arrangements which as far as we can understand, are parallel with those they have with the Canadian government in this instance. In a parallel situation they continue to identify their hotels as Hilton hotels, taking away from them their individual nature and establishing them as a part of this chain. For example, they have the Palacio Hilton in Chihuahua, Mexico, the Caribe Hilton in San Juan, Puerto Rico, and the Castellana Hilton in Madrid, Spain. As I indicated at the beginning of my remarks, they are now going to have the Hilton Queen Elizabeth in Montreal.

I do not think any Canadian government has ever been party to the use of the name of our Canadian sovereign for the commercial benefit and personal gratification of a non-Canadian organization, and I think it is absolutely unbelievable that the Canadian people should be asked without adequate explanation—and thereby hangs much of my argument—not only to accede to this arrangement but to put up \$25 million to make it possible. Of course, one of the great difficulties in assessing this situation is to penetrate the hot air curtain which the government has managed to throw up around the situation.

Before I deal any further with the matter I wish to make it clear that I have a great regard for American achievement and ability

[Mr. Hamilton (Notre Dame de Grace).]

in this modern age, but I do not necessarily admit they transcend those of Canadians. I admire and respect the genius of Conrad Hilton and his organization who have built the world's greatest hotel empire. But I am not convinced that this genius, primarily demonstrated in the field of finance and manipulation, can do for this new hotel anything which Canadians could not do equally well.

I approach this entire problem from the viewpoint of a Canadian who, while admiring and respecting the United States and its business acumen, and being extremely friendly thereto, nonetheless feels that Canadians are capable of doing at least as good a job as our United States counterparts.

Let us see how the situation has come about and what information the public has been given on the subject. The project first swam into view when we were given information in definite form at last year's hearings of the railways and shipping committee. During this hearing there was considerable discussion about this new hotel, but there was absolutely no mention of it being managed by an outside firm. Instead, the impression was certainly given that it was a sound proposition on its own merits and that it would be a Canadian operation.

I am going to introduce into the record at this point certain quotations from these proceedings which bear on this point. The quotations are taken, unless otherwise indicated, from statements made by the president of the Canadian National Railways, Mr. Gordon. I do not hold him responsible in any way, shape or form for this situation, because he made it quite apparent what he had in mind and certainly any change in the situation can be laid at the door of the government and not at Mr. Gordon's door.

Mr. Gordon: Forecasts show that a range of from two per cent to six per cent on the invested capital could be realized and that an average return of at least three per cent could be expected after meeting all charges including maintenance, taxes and depreciation.

And later, during discussions of eventual development of the area around the hotel:

Mr. Gordon: I am positive that the hotel will stand on its own merits.

Later, in general discussion concerning the business prospects and future operation of the hotel:

Mr. Gordon: Our new hotel in Montreal is in the centre of the city and within 500 miles of it are nearly 53 million people; and we know from investigation there will be very intense interest in using the convention facilities of this hotel.

And again later:

Mr. Gordon: Our committee which considered the suggestion for this hotel came to the conclusion there would be a high degree of occupancy.