

being paid back in line with the corporate policy, the private interest policy of paying off bondholders first. On the other hand, the CN management quickly uses its debt as a convenient excuse for withholding raises from hard-working employees. We saw this last August during the railway strike. We in this party argued in favour of paying a decent wage to the employees, but I am sad to say that the Liberal and Conservative members forced those railroad workers back to work with an unjust wage settlement.

To whom are the company's debts being repaid? Who are the private bondholders the CNR has been paying off? This question has been put to the minister responsible and he in turn has directed it to the CNR. But the CNR refused to give members of this House a list of its private bondholders. However, there is sufficient evidence to point a finger at a few of the bondholders who are being paid off first. One of them is the Canadian Imperial Bank of Commerce. The predecessors of that bank, the Imperial Bank and the Canadian Bank of Commerce, were the largest shareholders in 1917 when the bankrupt Canadian Northland Railway was taken over by the CNR: and on today's CN board of directors we find directors from the Imperial Bank, the Royal Bank and Royal Trust. This is where the money is going—to the private bondholders. It is not being used to improve the rolling stock or to improve the service.

The amounts mentioned by the Conservatives, a couple of million dollars here and a couple of million there, are a drop in the bucket compared with the amount of debt being paid off to private bondholders. In the bill before us the government is asking parliament to grant \$225,500,000 to CNR for new construction and rolling stock. At the same time, I find it ironical that \$200 million of the company's bonds should be coming to maturity. Perhaps it is a coincidence, but I have the impression there is more to it than that. If the CNR were not obliged to pay off these private debts, it could be putting hundreds of millions of dollars into improving its service and lowering freight rates.

There is one solution to the perennial difficulties of the CNR, and that is to cancel its debts to private debtors. The private debtors have milked the Canadian public enough in the past. We have formed a railway system which has been uneconomic in the long run, yet they still expect to be paid off. It seems to me the solution is a truly nationalized CNR—to bring it under direct government control, although I do not know whether either the Liberals or the Conservatives would have the willpower to run such an organization in the best interests of Canadians. However, I do know that under a New Democratic government a truly national CNR and CPR would turn this country around in terms of service and would end freight rate discrimination.

As I see it, there is no need to play the games the Tory amendments invite us to play. We must introduce fundamental reforms, perform major surgery to make the CNR and the CPR a public utility run for the best interests of all Canadians and to end freight rate discrimination in northern Ontario, the west and the maritimes. That is the way in which to solve the problems of the railways in this

Canadian National Railways and Air Canada
country, and I urge hon. members to consider taking such a course.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I should like to add a few comments to those made by my hon. friends on the amendment to Bill C-5 in the name of the hon. member for Mississauga (Mr. Blenkarn) suggesting the deletion of items amounting to \$5 million for hotels and \$8 million for a communications tower.

If there is any organization which should be broken up and separated into individual units and be subject to close scrutiny, it is the CN. Why should the people of Canada subsidize communications networks, hotels and the various trucking operations of this company? In the past these operations have been carried out by private enterprise. The people of this nation are being virtually blackmailed by the CN. The CN announces a freight rate increase; one of the provinces objects, so the government intervenes and gives the company a subsidy in consideration for not raising the rate. Then the railway turns around and buys another hotel or adds to one of the hotels it already owns.

The CN announces that it will discontinue passenger service somewhere. Objections are raised by the municipalities concerned. Again the government intervenes and pays a subsidy. Then the CNR builds a telecommunications tower. It threatens to abandon certain railway lines. Again, objections are raised and further subsidies result. Meanwhile, the lines are lying idle and rusted; weeds are growing over the tracks. Certainly, money is not being spent on the maintenance of the rail lines; it is being diverted to other projects, to buy hotel businesses or to build up telecommunications and other interests.

Very often the CN encounters labour difficulties. The company takes a hard position, knowing that if it plays out its hand the government will step in, force a settlement and come up with a subsidy to bail it out. We know the CN cannot move wheat from western Canada in sufficient quantities to meet the needs of our customers. The necessary cars are lacking. After a lot of fanfare, the government buys hopper cars so that the grain can be moved. Two years later the company says it cannot afford to maintain them. So the government kicks in \$250 million to maintain the hopper cars. And on it goes. Somewhere along the line it will be necessary to call a halt to this process. There is hardly a municipality in this country with level-crossings in or near a built-up area that has not been brushed off many times by the CNR if they decide to raise the issue of level-crossing problems, stop lights or interconnecting switches. We go on year after year being blackmailed in this way.

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How much untold frustration did the rapeseed mess cause western Canada and Canada as a whole? Only after a confrontation with the western premiers did the CNR move to rectify the situation. Only after the Prime Minister (Mr. Trudeau) and the Minister of Transport (Mr. Marchand) promised that this matter would be straightened out was something done. But what did it cost the people of Canada before this matter was rectified? Surely the Minister of Transport was only joking when he suggested that the CPR should be nationalized. As one of my