

Canadian National Railways and Air Canada

correct in this, but I understand that one of the major participants in the purchase of that hotel is the present leader of the Saskatchewan Progressive Conservative Party. I and the rest of the people of Saskatchewan, particularly in Saskatoon, would like to know from the Minister of Transport what compelled or motivated the CNR to sell the Bessborough Hotel, particularly in such a wild hurry after spending several hundred thousand dollars in long overdue renovations. All of a sudden the CNR decided to sell the Bessborough. I say to my colleagues who are helping me in my speech that I understand that some of the cohorts of the president of the Saskatchewan Progressive Conservative Party happen to be Liberals in the city of Saskatoon, all of whom got together and bought the Bessborough. It has been sold now, after it has been fixed up and is a decent place in which to stay.

I hope the CNR recovered the money that was invested in the renovations. I suspect this was not the case. I hope that my good friend from Mississauga will consult with the leader of the Progressive Conservative Party in Saskatchewan in order to protect his investment. If he does not need to protect it, then I would hope my hon. friend would get up and condemn his colleague from Saskatchewan for bilking the taxpayers of Canada out of a hotel for a cheap price, because the hon. gentleman cannot have it both ways.

The hon. gentleman also said that the Board of Directors of the CNR is incompetent. That is conceivable. I will even agree with him to some extent. However, I will tell you, Mr. Speaker, one thing the Board of Directors cares about: it cares about operating the Canadian National Railways' system according to the terms of reference laid down by the parliament of Canada.

An hon. Member: Why would they do that?

● (2110)

Mr. Benjamin: They do do it. They run a very efficient railway operation, not in terms of providing service for the people of Canada, but they are providing a very efficient railway operation in terms of operating profits and surpluses.

An hon. Member: They lose money.

Mr. Benjamin: The hon. member has been a member of the transport committee for the first time in his life. I wish he would consult the hon. member for Crowfoot who has been on the committee for many more years than perhaps either the hon. gentleman or I have been around here. If he took a look at the annual reports of the CNR he would find that three years out of the last 25 the CN Railways' system showed a deficit and in the other 22 years they showed substantial surpluses. One of their best years was 1956, when they had an operating profit of \$44 million and a total surplus of \$57,860,000. That is not bad. In fact, for that particular year it was an operating profit of several million more dollars than the CPR was able to show. In the same year the interest on the debt ate up all the operating profits of the CNR.

Mr. Rondeau: Now you are talking.

Mr. Benjamin: Parliament had to vote an additional \$20 million or \$22 million. The hon. gentleman conveniently forgets that if he also took a look at the bonded indebtedness of the CNR system, he would find a total of \$4 billion in debt, half of which is in the hands of the people of Canada in the form of shares which may or may not bring a 3 per cent return and the other half of which is owed publicly. Of that \$1,894 million of debt that is called a long-term debt, we have as yet not been able to find out, in the 5½ years that I have been in parliament, how much is still attributable to the bankrupt railways bought up in 1923 for which the taxpayers of Canada are still paying, and paying on mortgage indebtedness, the bond holders having been paid and repaid two or three times over in the last 50 years.

The Minister of Finance (Mr. Turner) last September or October agreed with me, in an answer to a question during the question period, that parliament is long overdue in taking another hard look at the financial structure and bonded indebtedness of the CNR. But my friends in the Tory Party always conveniently forget that the only reason we have a so-called publicly-owned national railway system is not because the government of that day or any other government since wanted to have a publicly-owned and operated railway system, but because their private enterprise system did not know how to operate an efficient railway system and the people of Canada had to bail them out in 1923 and have been bailing them out ever since.

When my good friends in the Conservative Party and those across the way in the Social Credit party talk about how the CPR makes a profit and the CNR suffers losses, I ask them whether it would not have been nice if the CNR had been set up on the basis of the same deal as the one under which the CPR was set up, namely, 25 million acres of land including mineral rights and \$25 million in cash, plus guaranteed loans. Even the hon. member for Mississauga could run a business with a deal like that. I am not sure he could run any other kind of business, but even he could succeed with a deal like that. It did not take any geniuses on the board of directors of CPR since 1885 until now to make a profit with a deal like that. I want to hear no more nonsense about operating efficiency.

An hon. Member: We don't want to hear any more nonsense, either.

Mr. Benjamin: The National Transportation Act of Canada is not designed to allow our railroads or airlines to provide the kind of transportation system that would meet the transportation needs of the people; rather, it is designed to try to provide the railways with an opportunity to make a profit and nothing else. Until that is changed, until there is that fundamental change in the direction and purpose of our transportation policy, we will go through this exercise every year, as my hon. friend will find out from bitter experience. I am sure the hon. member for Crowfoot would be able to confirm that to him behind the curtain. Railways and airlines are no different from our streets, our sidewalks, our electrical systems, our sewer systems: all those are essential public services and utilities, and until we start treating our transportation system in that way and setting them up in that way we will be faced with the kind of messes we have had all