

*Railway Act*

company in any mode, be it trucks, buses, rail or air, that can operate on its own, provide its own infrastructure and facilities, provide service to the public in the area it serves, and still make a profit? It has never happened and it never will happen. In countries with a much smaller land mass than ours but much greater population, transportation companies are subsidized by the public. However, they are publicly owned and controlled. Not so in Canada and the United States.

● (2052)

While we support the principle of the refinancing of Canadian National's debt, we are terrified about the motive behind that refinancing. In January of last year the Minister of Transport (Mr. Lang) sent a letter, which was nothing more than a letter of instruction, to the chairman of the board of directors of Canadian National. He said such things as:

Although it has generally been conceded that the railways should operate on a commercial basis—

I do not know where he got that general consensus.

—in fact the impression has persisted that Canadian National should be used as an instrument of public policy even if at the expense of its commercial performance—

That is perfectly true. The minister is admitting that since Canadian National was set up, every year it has operated the government of Canada has been misleading the people. The minister says it is just an impression that has persisted. I assure him that when I was a child it was not an impression on the prairies. We believed that both the public and private railway systems were there to provide a service and that their objective was not a commercial operation. Their objective was to provide a public utility, something we can all use. In the minister's letter the truth comes out. He went on to say:

—it is the view of the government that Canadian National should make every attempt to conduct its affairs with a commercial attitude and in a commercial manner.

In plain language, that means a reduction in service, a reduction of thousands of employees. And how many bucks are in it for CN? In that letter the minister encouraged the board of directors to make Canadian National profitable and therefore more attractive to the private sector.

We in the New Democratic Party are in something of a catch 22 situation. We agree with the principle of refinancing and the recapitalizing of the CN debt. In fact, it is my opinion that this bill does not go nearly far enough. At least another \$2 billion should be transferred into equity and shares owned by the people of Canada. If that were accepted and passed by parliament, it would make Canadian National very attractive to the private investor.

Canadian National have already established six or seven profit centres, such as CN Marine, CN Hotels, CN Express and CN Rail. They have regionalized each operation. They are supposed to be semi-autonomous. In doing that, they made commercial viability and profitability the priority. As a result, there has been reduced service and thousands of layoffs. Those who do not live in the large profitable metropolitan areas must either sink or swim.

[Mr. Benjamin.]

Most Canadians, regardless of their political belief, believe that this is the kind of enterprise in which competition and profitability have no place. Many areas of enterprise should remain in the hands of the private entrepreneur. However, in the case of transportation, it is only logical, sensible and civilized that it be publicly owned and controlled.

When operating a transportation company in Canada, there are areas which are very profitable because of the density of population and the volume of traffic moved, with or without competition. The only way to provide reasonable service to the other parts of the country is to take the profit from those areas and cross-subsidize services in those parts of the country that are not profitable.

This nineteenth century free enterprise mythology which is still perpetuated by the Minister of Transport (Mr. Lang) and echoed by the hon. member for Vegreville (Mr. Mazankowski) has been proven a disaster so many times that I question their intelligence as so-called free enterprisers and sound businessmen. If they were operating their own businesses in that manner, they would be appealing to parliament to bail them out the same way we bailed out the shareholders of the railroads from 1850 to 1923.

Why do we just play around, going only half way? The long term debt of Canadian National should be transferred into equity, common shares in the name of the people of Canada I agree with the hon. member for Vegreville that Canadian National should be fully accountable. It should be part of the statute that their annual report must not only be tabled in the House of Commons, but that CN officials must appear before the appropriate standing committee of parliament. That should apply to every Crown corporation.

Private corporations in the public service sector should be accountable to parliament. You can bet your bottom dollar the shareholders of Canadian Pacific are not given a full accounting at their annual meeting. They operate as a law unto themselves. That enterprise is of a public service nature. They withhold much of the detail of their operations and management from their shareholders.

Having spent a few years in that operation, I still think of the horror of some of their activities. The shareholders never knew about them. Therefore, Canadian Pacific should also be accountable. The same is true of any other privately owned enterprise that provides a public service. That includes utilities as well as transportation.

These bookkeeping entries of \$808 million for depreciation and \$1.5 billion for the transfer of stock from 4 per cent preferred to no par value common is all on paper. No money will change hands. The essential motive behind this bill is to make Canadian National more attractive for private investment. The minister, the president of the company and some of its officers have stated that in this way it can move to the private sector. This means two things will happen. The profitable areas in the dense high traffic regions will be sold to private enterprise. Those fellows will make a sound business investment and get a good return on it. What about the rest of the country where it is not profitable to service the public by