

Air Canada

An hon. Member: Yes, and they will nationalize the dry cleaners, too.

Mr. Saltsman: Well, there are times when I wish they would nationalize the dry cleaners and take me off the hook. A lot of this illusion about profitability is an illusion for purely ideological purposes because I think it suits the ideological needs of some people, some nice people for that matter, who say that if you have profitability as a test, it always works even though you have to add, as a rider, that to serve the public interest you have to provide very large subsidies and then you have a problem about how those subsidies should be allocated.

I should like to recall the experience I have had with the CNR and the CP railways. The Parliament of Canada, very properly, felt that passenger services were in danger and that we should do more to restore them. In parliament after parliament, committees have urged both the CP and the CNR to do this. It is interesting to note what the consequences have been. If you go to the Union Station in Toronto, a very good example, and you look at the board showing passenger services, you will find that the CPR has three passenger train runs out of Toronto. All the rest—and there are dozens of them—are run by CNR. What is the reason? The CPR is, of course, privately owned. People say the CPR is a marvellous example of how private ownership works, and public ownership of the CNR is a disaster.

Of course the CPR works; they get out of their responsibility for carrying passengers. Their tracks are free to run freight like mad. But the CNR, the one we are supporting, gets stuck with "social purposes". The people say, "See, I told you. Everything the government touches is no good". The CNR has to go to places where CP will not go because it is not profitable to do so. Someone says the CN does not go to some of those places either. Well, the CNR is picking up the same bad habits of profitability. It is natural. It is an example of Gresham's law on currency.

Mr. Whittaker: That's going rather far.

Mr. Saltsman: I am glad to see there is somebody in the House who understands Gresham's law. Perhaps if I explain it the hon. member will find he does not understand it after all. Gresham's law is very simple. It says that bad currency drives out good currency. If you put bad and good currency together—

The Acting Speaker (Mr. Turner): Order. I suggest that the hon. member get back on the rails.

Some hon. Members: Oh, oh!

Mr. Saltsman: Well, I listened to that advice. When I hear "back on the track" from the distinguished occupant of the chair, I listen with great attention and respect, both from a procedural and from a practical point of view.

An hon. Member: And he can blow the whistle, too.

[Mr. Saltsman.]

Mr. Saltsman: Yes, and he has the advantage of being in a position to blow the whistle in addition to all the other power he possesses as one who occupies such an exalted position.

This is a very serious discussion, and while levity is always of some help in breaking the tension of a serious discussion, I think we have to go back to the argument I am trying to make to the House.

We went through an examination of the Telesat Corporation when it was first set up at the time the Hon. Eric Kierans was minister of communications. The original proposal brought before a committee of the House of Commons was that Telesat be a troika. Troika was a very popular conception in those days, being three horses running off in different directions with a Russian carriage behind them. Nobody ever figures out what happens to the carriage, whether it goes in three parts or stays in one piece. The troika was supposed to consist of the government as the third partner holding one-third of the shares, the communications corporations holding another third of the shares, and the public holding the remaining third.

Here was a case of the government taking all the risks. The government was virtually putting up the capital, the government was making the decisions as to the rates—it was not a public enterprise—but was only getting one-third of the shares. I said at the time that those shares would never be put on the market, because why in the world would private shareholders be needed in connection with something like that? There was some argument for bringing in the common carriers because they were going to be the users of it, and there was the argument that they would have some technology which they could make available to the corporation. So some kind of a case could be made along that line. Now we have nothing but trouble with this concept.

They are coming to parliament. Some people don't want Bell Telephone in it. They say that having Bell associated with Telesat creates a conflict of interest—and it does create a conflict of interest. There was never any reason for having the common carriers in there. If they have good advice to offer, hire them. If you were willing to pay their consulting fees, they would be very glad to consult with you. If they were not willing to do it, there would be other communications companies that would. So why cut them into the deal, and why complicate things by having mixed objectives?

The foolishness of the whole thing is simply this: they said the thing might not make money. How could it avoid making money, because if it loses money the government simply authorizes a rate increase? So it would always make money. It is the next best thing to Lord Thomson's television station. It is a licence to print money. The government has to make sure it does not go broke, and they are responsible for the rate. It is like Bell Telephone. How can Bell Telephone not make money? What telephone company would you go to, if you did not use Bell Telephone? If Bell Telephone is not making money, it simply goes to the Transport Commission and opens up its books, to the extent that they have their books organized, and says, "Look, we are not making enough money. Increase the rates". That would be a very risky type of private