

Railway Act

● (2042)

The financial success of the privately owned Grand Trunk Pacific Railway depended upon rapid development of the west. It was inhibited by some business recessions in 1912 and again during the first world war. The Grand Trunk Pacific found itself in financial difficulties and had to turn to the government for further aid. These are private companies, Mr. Speaker. The Canadian government refused to provide any further financial assistance; they had already provided them with quite a bit, and in order to maintain operation of that company the government took it over as receiver in 1919.

The Canadian Northern Railway began with a few small enterprises in western Canada and grew into the third largest railway in the nation. At the time it was taken over by the Canadian government it had a complete system from Montreal to Vancouver with numerous branch lines. In 1918 financial difficulties again forced the Canadian government to take over the operations of a formerly prosperous private railway company.

In 1914 both the Grand Trunk Pacific and the Canadian Northern were in financial difficulties. They were granted loans by the dominion government which enabled them to carry on the necessary work on their line and continue in operation.

In 1916 further loans were requested. It became apparent to the government of the day that it was necessary to take stock of the situation and define policies for the future. They were faced with alternatives: to withhold further aid and let them go belly up; take them over and operate them as government properties; or continue with temporary assistance. They opted for continuing with temporary assistance.

By 1923 the government of that day took over all of those railroads and amalgamated them into the Canadian National Railways. All but one were privately owned. When Canadian National was set up they took over all the bonded indebtedness of those railroads. The taxpayers of Canada have been paying and paying ever since. On the successive refinancing occasions to which the hon. member for Vegreville (Mr. Mazankowski) referred, we paid off some more. I thought it was a tenet and a truism for private enterprise that if you invest in something, you take your chance. If it makes a buck, you make a buck; if it loses and goes broke, you lose. But in this instance all the private enterprise investors, the ones who were going to operate in the marketplace, have been paid. I do not hear my friend the hon. member for Vegreville or anyone else complaining about the poor management and inefficiency of these railroad companies that the Government of Canada had no choice in 1923 but to take over.

It is useless having a private enterprise government trying to run a Crown corporation. In the first place, they do not believe in it. Secondly, they do it as a last resort, a last desperate, frantic effort to bail out their private enterprise friends who got themselves into trouble.

In a country such as Canada with a large land mass, a cold climate and a thinly scattered population, there is not a single

transportation system in our entire history that has ever made a profit without substantial public assistance from the taxpayers. My hon. friend from Vegreville mentioned the profitability of the CPR. I wish he would return to his office and turn up the financial reports for the CPR for the period 1960 to 1969. He will find in every year except two that had it not been for the subsidies received from the taxpayers of Canada, Canadian Pacific Railway would have been in a deficit position. I get sick and tired of the Canadian Pacific being held up as some kind of god of private enterprise, profitability and efficient operations, because without financial input from the public of Canada the CPR would have shown a loss eight out of ten during the 1960s.

We in the New Democratic Party agree with the principle of refinancing the Canadian National Railways system, but we highly suspect the motives behind it. If it is such a good idea now, why was it not an excellent idea 10, 20, 30 or 40 years ago? The refinancing that was done in previous years, the last being 1952-53, was not only an exercise in futility, it was just trimming off the edges of some of the tougher parts of the CNR's indebtedness.

In a situation like this you cannot be half pregnant. There is no such thing. You either own everything or else you get out of the operation. If we had been straightforward in the past and were straightforward now, the people of Canada would own all of Canadian National. The people of Canada are the sole and total shareholders of Canadian National.

An amount of \$808 million debt is being transferred. This is because of depreciation not taken in previous years. Why I will never know, because all private enterprise firms are allowed to claim depreciation. Of course, they get tax benefits. Another \$1,500 million is being taken out of 4 per cent preferred stock and transferred to no par value common stock. So we are looking at \$2.3 billion of CN indebtedness transferred into the common equity of the people of Canada.

I agree with that, but we are only doing half the job. I ask this question, and I certainly will ask it in committee: "Why do we not do the whole job?" There is \$271 million of long term debt in Government of Canada loans which falls due between now and I believe 1983; I am subject to correction on that date. There is another \$991 million in loans under the 1955 refunding act that is due this year. Why is not that amount of money being transferred into common no par value stock held by the people of Canada through their national government so we can relieve Canadian National and put them into a net equity ratio, even better than Canadian Pacific or any other private company? After all it is our company. It belongs to the people of Canada. They have paid for it and repaid for it time and time again all the way back to 1850. The mythology of private enterprise and transportation in this country, which is still perpetuated and promulgated by my colleagues in the free enterprise parties, has been disproven time and time again, not only in Canada but in every other industrialized nation in the world.

When are we in Canada, with our kind of climate, going to face the reality that there is no such thing as a transportation