

CNR and Air Canada

I was also interested in the remarks of the Leader of the Social Credit Party, the hon. member for Témiscamingue (Mr. Caouette). Last Monday in his remarks he brought out some of the old shibboleths and myths which have been bandied about by those who for many years have opposed public ownership of transport facilities. At page 553 of *Hansard* he is reported as saying:

Since the private sector prospers, we must nationalize it at once so that it may lose money.

He went on to say:

We should not nationalize the Canadian Pacific; instead we should sell the Canadian National to the Canadian Pacific because the latter operates at a profit.

May I remind that hon. gentleman, Mr. Speaker, that he has conveniently forgotten a few things. Of course, the CPR operates at a profit, and for a good reason. It started out with a grant of 25 million acres of land and \$25 million in cash from the people of Canada. It started out with that kind of advantage. The dice were loaded in favour of the CPR. When it was established, it did not bear an unfavourable financial burden. It started out in a way that is exactly opposite from the way the CNR started out. When the Canadian National Railways system was established, that system took over the debt, amounting to some \$1 billion, of several bankrupt railway companies. Yet, the hon. member for Témiscamingue has the nerve to say that the CPR always makes a profit and that, therefore, it should take over the CNR because the CNR loses money.

What kind of logic is that? If the hon. member were to look at the financial statement of the CNR, he would find that the facts are opposite to those he has suggested. Canadian National Railways has been showing profits. As I say, all the hon. gentleman has to do is look at page 46 of the 1970 Annual Report of Canadian National Railways. That report shows the performance of Canadian National Railways during the past 25 years, between 1946 and 1970. And, Mr. Speaker, for the edification of that hon. gentleman and anybody else who thinks that the CNR is always operating at a loss because it is a publicly owned system or who thinks that in the last 25 years the CNR has shown only deficits and not profits, let me say that in 22 of those 25 years the system has shown net operating profits. The record year was 1956, when the system made \$57,860,000 in profits. However, Mr. Speaker, when the interest on the debt was charged against that \$57 million operating profit, the net result was a deficit and the parliament of Canada had to vote another \$26 million to cover additional interest on that debt. This has been the situation for the past 25 years. I suspect that if one were to go back and examine the record between 1923 and 1946, one would find that the system enjoyed operating profits comparable to those of any other rail system in North America and, in most cases, better than those of any other rail system in Canada.

I submit there is ample evidence to show that the one publicly owned railway of any consequence in North America, Canadian National Railways, has set the best example in terms of operating efficiency and operating profits. Those who continue to oppose blindly public ownership of any kind like to bring forward half-truths in support of their argument. They leave out some of the facts relating to the Canadian National Railways system.

[Mr. Benjamin.]

I, myself, have many criticisms of that system. The one brought forward by the hon. member for Témiscamingue was not justified and was not truthful.

The whole issue of public and private ownership of transportation has been debated for the last 50 or 60 years in this country. The CNR became a publicly owned railway system, not because any government showed any desire to acquire a publicly operated railway system, but simply because at least three privately owned railways went bankrupt and the government, having provided guarantees to those entrepreneurs, to those fancy free-enterprisers, was stuck. The people of Canada have been stuck ever since. That is how the CNR was established as a publicly owned corporation. It was established, not because of any essentially good principle involving the public ownership of essential public services, but only because the government of the day had no choice.

One of the railways of that day was the Intercolonial Railway, which was publicly owned. Its operation was carried on from the office of the minister of railways and canals with an extravagance of partisanship in the granting of rate preferences and in the giving of employment to party friends that was considered scandalous even by the relaxed standards of the time. By 1910 people were beginning to wonder whether some kind of insulation against the grosser forms of political pressure could be devised. One of the arguments for the creation of Canadian National Railways was that it would do just that. People wanted to do away with pork barrelling and the granting of special rates to friends.

• (1610)

The National transcontinental line was built by the dominion government to very high physical standards and with a great deal of plain and fancy graft for friends of the party in power. Nominally, it was to be leased to the Grand Trunk Pacific, after completion. In fact, the parent Grand Trunk had an interest in getting a connection between its lines in Ontario and Quebec and those of the Grand Trunk Pacific running west from Winnipeg. Therefore, the whole of the line east from Cochrane through Levis to Moncton was a purely political job. Whatever else can be said of it, no part of this line can be laid at the door of private enterprise. Even in those days, public construction and ownership of railway lines was not undertaken because it was held to be a good principle that the public should own an essential public service. It was done for political purposes and for political purposes only. The Grand Trunk Pacific was financed finally on the basis of government guarantees. The manner of construction and the price of the Prince Rupert terminus were both decided by the government. It is perfectly true that the management of the parent Grand Trunk was not good; but even a good management might not have been able to create a viable enterprise under two such handicaps.

We listen to speeches made by the hon. member for Témiscamingue and others suggesting there is something fundamentally good about private enterprise and something fundamentally bad about public enterprise. He and his friends support the free enterprise theory, the theory that you make it on your own, put up your own money, show initiative, and so on. If you succeed, well and good; if you go broke, well, you have taken your chance, it is too