

Railways

After all, moneys that are set aside for pensions are just a form of deferred income. In effect, this is robbery. It is legalized robbery of thousands of employees of Canadian National and Canadian Pacific.

● (2110)

I want to recognize the contribution that Earl White has made in drawing to the attention of the Canadian public, and in particular of railway employees and pensioners, what is a very serious inequity.

I did not bring into the House the literally hundreds of documents that Earl White has produced over the years that attempt to document very clearly the extent to which the pensioners have been the victims of raiding on their pension funds.

I want to say a word about Earl White himself. The motion recognizes his dedication, his tireless efforts on behalf of railway employees, pensioners, spouses, beneficiaries, and survivors. Some may ask who is Earl White, this man who has worked so hard as President of the Canadian Railways Employees' Pension Association.

Earl White is 79 years of age and has dedicated this part of his life to improving the lot of these pensioners. He completed and passed a three-year correspondence course set by the Insurance Institute of Canada. Following that, he completed another correspondence course by the Life Underwriters Association of Canada. After that he went into the Canadian Officers Training Corp and then returned to civilian life and the Canadian National Railways in 1946, having attained the very distinguished rank of Lieutenant-Colonel.

That experience was some 40 to 50 years ago, but certainly the basis upon which life insurance contracts and pension contracts are calculated is the same today as it was 40 to 50 years ago. Earl White is one of the most knowledgeable individuals in this area of railway pensions, and he certainly has studied this very carefully. Indeed, he has based his study on the audited financial statements of the railway companies themselves.

He notes that when a company like the CNR employs a high percentage of new employees between ages 18 and 25, like all employees employed on a permanent basis they are required as a condition of their employment six months after becoming employees to contribute to the CNR pension fund, effective from the beginning of their employment.

That means the CNR would have in its custody the pension funds of all employees for the duration of their working lifetime, plus for their expectation of life commencing on their retirement date. While it can be somewhat technical, the key element in all this discussion about pensions is the interest earned factor. That is the key question.

Effectively, as I mentioned before, CNR raised this assumed rate from 4 per cent to 7.5 per cent in 1968. Basically, the

pension fund was reduced by some \$371 million. That amount was credited not to pensioners, not to workers, not to their families, but to Canadian National Railways. This meant in practical terms that the assets on hand after 61 years would increase by the factor that Mr. White has set out in his calculations, which is 64 times over.

For Canadian National Railways, Mr. White has only been able to supply figures on the contributions of employees, the contributions of CNR, and investment income on pensions paid each year since January 1, 1960. Prior to 1960, CNR did not publish these figures.

He has provided me with all the figures, the amount by which all contributions, investment income, and realized capital gains exceed pensions paid from January 1, 1960 to December 31, 1987. That figure is over \$5 billion.

The fact is that the earnings rate on a market value basis on all assets in the CNR pension trust fund was an average of 14 per cent per annum, from 1976 to 1986. The excess earnings were about \$2.367 billion. That is pensioners' money.

The trustees of the CNR pension trust funds for the period for which they published financial statements have actually paid out in pensions less than 32 per cent of the total revenue received in the 28-year period from 1960 to 1988. If that is not legalized theft, I do not know what is.

I want to note that it was Liberal governments and Conservative governments that have avoided passing any legislation whatsoever that would protect employees and pensioners and their pension funds from predatory corporations.

I want to say on behalf of the New Democratic Party that we are committed to passing that kind of legislation. We are committed to passing the kind of legislation that would prohibit corporations from raiding the pensions fund that are contributed by employees, by pensioners. That is our commitment. I speak on behalf of my colleagues. I speak on behalf of my distinguished colleague, the Hon. Member for Regina West (Mr. Benjamin), our transport critic—he is a former railway man himself—who will be participating in this debate shortly.

I speak on behalf of my colleague, the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie), who has done an extraordinary job in speaking out over the years on behalf of railway pensioners and railway employees. I know that a lot of these people reside in his own constituency. Indeed, as recently as yesterday that Hon. Member spoke in the House on the importance of amending the law and bringing in a new law to recognize that this kind of rip-off must end.

Not just railway pensioners, but all Canadians owe a debt of gratitude to Earl White and to the Canadian Railways Employees' Pension Association for his efforts, his commitment, and his dedication in bringing this to public attention.