

*Railway Act*

of covering future deficits without taking management to task. We must call upon management to produce and to be answerable for their actions. In other words, they must produce or face the consequences. There should be no further excuses. We are now in a situation where we must assess the cost of providing transportation. Under this policy, the government is prepared to pay for the provision of transportation services which may not be economic but which are in the best public interest. We are in the process of looking at the Crowsnest pass freight rates and I think there is general agreement that the railways will have to be given a compensatory rate. Whether that will come out of the public treasury or out of the pockets of the farmers, or both, we know the railways will obtain redress in that area so there is no reason why subsidization should be required. Any cross-subsidization will be minimized by the policies of the government.

The CNR clearly has the type of economic environment which should provide service effectively, efficiently and at a profit. The corporation must be held accountable too and must be answerable to parliament through the House and the committee. To these ends we will be advancing the necessary amendments in committee.

We will allow the bill to go to committee with the understanding that witnesses will be called and in the anticipation of the government being receptive to logical, well reasoned amendments. We will be particularly interested in knowing how the current management will demonstrate that this measure will impose stronger management disciplines and how it proposes to manage effectively, efficiently and responsibly. We will want a clear projection of the future plans for the corporation in terms of growth in order to meet the important challenges in the field of transportation in the 1980s.

We will want, as well, a realistic five-year projection based on the current structure vis-à-vis the modified structure under this bill in order to prove that there are advantages to the government and the corporation. The committee should be able to see clearly the total implications of the bill.

Finally, Mr. Speaker, we will demand answers from CN management and from the minister in charge on how CN will fulfil its mandate efficiently, effectively and profitably in the interests of all Canadians, particularly those Canadians it serves.

**Mr. Les Benjamin (Regina-Lake Centre):** Mr. Speaker, I listened carefully to the little the minister had to say on this bill and to what my good friend the hon. member for Vegreville (Mr. Mazankowski) had to say. I must disagree with some of his conclusions arrived at from what I consider to be incorrect premises.

Canadian National Railways started off with the deck stacked against it. For the benefit of my colleague from Vegreville, if no one else in this House, I do not think it will hurt to go over a little bit of history. The hon. member and the minister as well as others over the years have talked about the unprofitability of CN. They conveniently forgot to mention that in most years, particularly those since World War II, the

[Mr. Mazankowski.]

CN has shown an operating profit. When it came to paying interest on the debt, however, it consumed all the operating profit, plus \$5 million or \$6 million in any good year that parliament had to vote.

When any company, whether privately or publicly owned, starts out with a debt that it can never pay off, even if it lasts for a thousand years, which debt was not acquired as a result of operating the company, then it is doomed to failure. A private company would declare bankruptcy and fold up, but in the case of a public company like the CN parliament and the people of Canada pick up the tab. Of course, parliament and the people of Canada have done that with some private companies as well—for instance, the CPR and some others.

Given that sound economic and private enterprise business premise, I am surprised that any fair-minded private enterpriser would condemn a corporation, public or private, that is required to pay off debts which have nothing to do with its operation or how efficiently it is managed but which accrued as a result of bailing out bankrupt private companies.

The minister is not here this evening, Mr. Speaker, and one is almost tempted to call a vote in order to adjourn the debate until a time when he can be around. On a bill as important as this one would think the minister could schedule his activities so that he could be present in the House. In order to educate his parliamentary secretary and the hon. member for Vegreville, I would remind the House that this all started in 1850. The Intercolonial Railway was not built as a commercial proposition, but to serve the political and economic needs of the country. Its construction was one of the conditions of confederation.

Then there was the National Transcontinental Railway. The government of the day claimed that all of the most important reasons for building it as a government railway and retaining control were that it could be used as a common outlet for both eastern and western railways. The National Transcontinental Railway was financed by government funds and the Grand Trunk Railway approved the specifications. That railroad, built with the taxpayers' money, was operated by the Grand Trunk Pacific Railway. It was a private enterprise operation without rental for a period of seven years and paid 3 per cent on the cost for the next 43 years. The cost of construction exceeded by a considerable amount the original estimates. We have been through that in this country before. The Grand Trunk found itself in financial difficulties and, in 1913, the National Transcontinental Railway was placed under the management of the Intercolonial Railway.

The Grand Trunk Railway itself was incorporated by an act of parliament in 1852. The expression "Grand Trunk", used in the 1850s, signified a line running from east to west in Canada, which in those days comprised the provinces of Quebec and Ontario, connecting the Atlantic ports of Montreal in the summer and Portland, Maine, in the winter with midwestern United States railways. In 1923 the Grand Trunk was amalgamated with the Canadian National. By that time the Grand Trunk had been merged into the 125 companies which originally had separate corporate identities.