

*Oral Questions*

Manfred Rhuland a month and a half before it discussed any question of Route Canada with the Fingold brothers.

It is obvious that Manfred Rhuland was the first person the government discussed this issue with, a man who owed money to five financial institutions and who had already at one time declared bankruptcy.

[*Translation*]

Finally, Mr. Speaker, Ruhland and his associates purchased Route Canada without paying a cent of their own money.

I want to ask the minister this: Why did the government pass an order in council to authorize this million-dollar sale, when it was well aware of the suspicious financial past of the buyers?

[*English*]

**Hon. Doug Lewis (Minister of Transport):** Mr. Speaker, I am sure my hon. friend made a bit of a slip there. He realizes full well, I am sure, that this was a subsidiary of CN and was not privatized by the government. It was sold by CN. The market value of the assets was \$55 million. In true Liberal tradition, at the time it was losing \$40 million a year and it was sold for \$29 million.

Is my hon. friend suggesting that the government should have continued to lose that kind of taxpayers' moneys as did former Liberal governments, or should we have devolved it the way we did?

**Mr. Russell MacLellan (Cape Breton—The Sydneys):** Mr. Speaker, the assets alone of Route Canada were worth \$80 million.

The Minister of Transport says that the government did not do anything because it was a subsidiary of Canadian National. If the government didn't do anything, why did it pass the Order in Council approving of the sale by CN to the Fingolds and Manfred Rhuland?

The government was concerned enough about it that just before the election, when the truckers were on the Hill demonstrating and threatening to follow the Prime Minister during the election campaign with their trucks, it had CN open negotiations with the workers. Those negotiations, unfortunately for the workers and strangely enough, ended a few days after the election campaign was over without anything for the workers.

I want an explanation from the government and the Minister of Transport in particular of why the government did this. What explanation does the government have for the 1,900 innocent victims of this scam perpetrated by the government?

**Hon. Doug Lewis (Minister of Transport):** Mr. Speaker, my hon. friend knows full well that there were four offers to buy the assets. It was sold on an arm's length transaction with advice coming to the government from CN as to the best offer.

It doesn't quite compare with the government of which my hon. friend was a member in the Maislin loan transaction where \$34 million of the taxpayers' money was wasted on a loan to the Liberal party's friends. It doesn't compare that way at all, and that is what bothers my friend.

**Mr. Joe Comuzzi (Thunder Bay—Nipigon):** Mr. Speaker, my question is for the Deputy Prime Minister.

CN Route was sold for only \$29 million, although it was worth somewhere between \$75 million and \$80 million. It was paid for by leverage wherein a company buys itself out from its own resources. CN Route raised the \$29 million by mortgaging the bonds and assets of the company. It is really a junk bond type of transaction and a bad financial deal. The tragedy in this whole affair was that 1,500 to 2,000 employees were fired prior to the transaction taking place.

• (1420)

How could the government approve such a sale where at least 1,500 employees were fired on the spot in order to conclude the deal?

**Mr. Crosbie:** It's all history.

**Hon. Doug Lewis (Minister of Transport):** Mr. Speaker, before my hon. friend came along with his business experience I should tell him that it was Liberal party practice to pour taxpayers' money into losing propositions.

My hon. friend knows that if he had an asset worth \$55 million and was losing between \$30 million and \$40 million a year on it, he would get rid of it darn quick for \$29 million as we did.

**Mr. Joe Comuzzi (Thunder Bay—Nipigon):** Mr. Speaker, I have a supplementary question.