

Bloc Quebecois and Reform Party. This is part of what we consider totally inadmissible, and we will call for amendments to clause 16.

In closing, there is a third point where we require more information. It concerns the future of CN's current subsidiaries such as the AMF locomotive works in Montreal or the Can-Car plant. We also want reassurance about the future of these subsidiaries with a privatized CN.

With that being said, the best is yet to come on Tuesday and Wednesday before the Standing Committee on Transport.

[English]

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I am pleased to make my contribution as one of the first speakers on Bill C-89, which would privatize CN's rail assets, including their track, rolling stocks, buildings, et cetera.

Unfortunately, the bill excludes a major part of CN's assets, such as non-railway real estate assets, probably the most valuable part of the company. Reformers would like to see these assets sold off before the privatization effort takes place, in order to reduce CN's debt load.

My hon. colleague has described a number of flaws with the bill that need to be fixed. These include prohibiting the government from arbitrarily cancelling all or part of CN's debts prior to privatization; removing the requirement to leave CN's headquarters in Montreal; removing the requirement that CN comply with the government's policy of official bilingualism; and removing the 15 per cent ownership restriction.

• (1245)

I want to use my time today not just to point out the obvious flaws in this bill but to talk about privatization in general and introduce a number of ideas for consideration by the government before this bill is sent to committee.

The privatization of CN is a good thing, but the government has an opportunity to make it a great thing. I want to suggest the government use this, its first effort at privatization, as a testing ground for the privatization of all crown corporations.

In 1987 Madsen Pirie, president of the Adam Smith Institute in London, a world renowned expert on privatization, spoke at a Canadian symposium on privatization organized by the Fraser Institute. He had this to say about the fundamentals of privatizing a crown corporation:

When government engages in an activity such as privatization, it is speaking to several audiences. Among the audiences that government speaks to are the managers of crown corporations, the workers who are employed in them, the members of the general public who are customers of crown corporations, the

### *Government Orders*

general public who are taxpayers and who pay subsidies to support the losses of those corporations, potential investors who might buy shares in those corporations, the financial and business community which takes an interest in their performance, and the media commentators who observe this process and comment on the results and declare it to be a success or a failure. Every act of privatization speaks to all of those audiences, and every act should be tailor made to maximize the support of each of those different groups.

When reviewing this bill we should test it against Dr. Pirie's list of vested interests or audiences. Bill C-89 must address each of the groups affected by the privatization: the managers, the workers, the customers, the taxpayers and the investors. If Bill C-89 does not specifically address each of the needs and interests of these groups, amendments will be necessary.

Dr. Pirie also outlined three key principles of privatization. First, never cancel a benefit. If people are deriving a benefit from the public activity of a crown corporation, never cancel it, however unjust it is.

Second, make friends out of your enemies. Find out who the people are who might lose on the privatization process and structure the policy to make sure they gain instead.

Third, disarm the opposition. Identify all possible objections to privatization and tailor make the policy so every single one of these objections is dealt with in advance. The government should ensure it has considered each of Dr. Pirie's three principles in planning for the privatization of CN and the necessary legislative measures are included in Bill C-89.

Based on these audiences and principles I believe that every privatization initiative must have a list of groups with a vested interest in the sale of CN and give them the first opportunity to buy CN shares. CN employees should be given the first opportunity and the highest priority. CN customers come second on the priority list and Canadian taxpayers and investors are third.

I would also like to explore some new ideas for consideration by the government before Bill C-89 becomes the law of the land. What about linking two or more government objectives into one?

For example, the government is giving landowners in the west a one-time payout for eliminating the WGTA subsidy for the railways, commonly known as the Crow rate. Would it be possible to give western farmers the choice to have their Crow rate buyout in the form of shares rather than cash? Farmers could then have a direct financial interest in the economic performance of CN. If done properly, the government could overcome opposition to both the Crow rate buyout and the privatization of CN with one move. I offer this idea to be explored by the government to lessen some of the negative effects of both programs.