

Trans-Canada Pipe Lines

He seems to have been the chosen instrument of the Conservative party when they were participating in the pipe line debate of last year. He was put forward by the Conservatives in this house as a suitable person to whom the building of the trans-Canada pipe line project might be entrusted.

Mr. McMahon, as an insider in the West-coast Transmission Company, was able to obtain stock in this company at a price of only 5 cents a share for stock that was offered to the public at \$5 a share and which today is selling at around \$27 per share. For every dollar Mr. McMahon put in he was assured of more than \$500. Does the general public benefit from this? It does not benefit at all. It is an exploitation of the consumers of natural gas, and the producers of natural gas, and a practice that should no longer be tolerated. Mr. McMahon bought 155,000 shares at that price, namely 5 cents, and they cost him about \$7,700. He acquired for that \$7,700 an equity of over \$4 million, a fantastic and amazing figure. These facts do not come out of my own imagination. They are from the prospectus of the company itself filed here in Ottawa with the Department of the Secretary of State.

But that is not all. The same gentleman was granted an option to buy 200,000 additional shares at a special price—a higher price it is true, but still a special price—so that today while the small investor would have to pay \$27.50 for West Coast Transmission Company shares, Mr. McMahon, if he has held those 200,000 shares, would need to pay only \$6 for them. In other words, if he exercised his option, he could make another \$4 million at the public's expense, making a total to this one man of \$8 million in capital gains that have come from no other source than eventually from the consumers of natural gas, and that means the people in every part of Canada where this gas will be distributed, particularly in the province of British Columbia, among whom will be workers, old age pensioners, unemployed and so on having to pay higher rates so that this gentleman may make \$500 for every \$1 he initially put into Westcoast Transmission Company.

I have singled out this one man purely as an example, purely as an instance of what is going on. Let me say he is doing nothing illegal. He is doing something widely approved by large corporations, particularly in the pipe line field. But I want to say that it is wrong and I think that most people would agree it is wrong and that it is time to bring this kind of thing, legal or otherwise, to an end. For example, a corporation shareholder in the same company, namely

[Mr. Coldwell.]

the Westcoast Transmission Company, a huge United States pipe line company, was able to realize a tax-free capital gain of over \$25 million. Hence this is not an academic matter, Mr. Speaker. This is not a small matter. This is not a hypothetical case.

It is a real problem which this government in 1956 gave the people of Canada the opinion that it would face courageously if it were elected. Today they are in power; they have been in power for six months, and they have done nothing except to set up a royal commission which has not yet met and which, as I said this afternoon, I think is open to criticism because of some of the personnel.

I say that it is not a small matter. It is a question that is at the core of Canadian government policy with regard to the development of our natural resources and our utilities. There can be no adequate national development policy as long as our government permits these—and again I use the Prime Minister's own words—nefarious practices to continue.

We are urging the necessity for the public development of the great trans-Canada pipe line project. We are urging the necessity for a capital gains tax on huge speculative profits. We are urging the need for protection of the people generally from those whom the Prime Minister described as buccaneers while he was in opposition; those who, as he said, reaped piratical profits without any danger to themselves. These are words we who have been in the house for several years heard echoed and re-echoed up and down this chamber less than two years ago.

We believe, of course, that there should be a policy of national development for Canada. We believe that policy should be a planned development, a development planned by and through the elected representatives of the people, controlled by this parliament and developed in the interests of the people of Canada as we may well develop those resources under such a plan.

We say that the government has all the power necessary to restore to the Canadian people the ownership of the entire line from Alberta to northern Ontario which the people of Canada have almost entirely financed. As a matter of fact, as to the line across northern Ontario that is being built, the government provided the funds for the crown company that has built it not for the people of Canada but for the Trans-Canada Pipe Line Company. As was said by Hon. George Drew, echoed by the Minister of Finance, the Canadian people should own the entire line. That is what we are putting before the house today.

Oh, yes; we have done it previously. We did it seven years ago when the proposal