

Teleglobe Canada

profitable every year since 1975. It is a well run corporation that is making money for the Government in a critical area of the economy.

Second, let us consider similar corporations in other countries. Teleglobe is a Crown corporation with responsibility for all overseas telecommunications entering and leaving Canada. These telecommunications include telephone, telegraph, cable, and telecommunications. Teleglobe is also a joint owner of a submarine ocean cable and telecommunications satellite system and has an effective monopoly in Canada in overseas telecommunications. It is very critical to our ability to communicate with people around the world in this shrinking global village.

Countries like Australia, New Zealand, France, West Germany, Italy, Norway, Sweden and others have government controlled Crown corporations operating overseas telecommunications system. The United Kingdom has gone through a similar privatization process in which the British Government has conducted a major privatization of British Telecom. Yet it has retained slightly under 50 per cent ownership, with a controlling interest. Even the United Kingdom, under Margaret Thatcher, recognizes that it is necessary to have a controlling interest in this critical Crown corporation that deals with international communication.

Not only is the Government of Canada privatizing Teleglobe, it is giving it away *carte blanche* at the same time. Not only is it being given away at a fire sale price, there is a myth that it is being privatized so that the Crown corporation may operate in the market-place. However, the fact is that it is a Crown corporation that will be turned over to a private firm that will have a monopoly in which to operate. What kind of private sector free enterprise system is that? Presumably privatization means that a Crown corporation will operate in the independent market-place. However, that is not the case with the transfer of ownership of Teleglobe.

The initial reaction to this sale was one of surprise. *The Toronto Star* reported on the day of the announcement of this sale: "There were exclamations of surprise and curiosity from the business community yesterday as Memotec Data Inc. of Montreal, the smallest of six bidders vying for Teleglobe Canada, emerged the winner". *The Financial Post*, which presumably is in touch with the financial and investment community, stated: "the privatization stunned the business community". Presumably this means that the business community was not impressed with this transaction.

Mrs. Mailly: Not necessarily.

Mr. Riis: One could go on to cite other exclamations of surprise, curiousness or incredulity about this action by the federal Government.

Teleglobe has been known as the jewel of the Crown corporate family. In 1985 it recorded profits of \$53.2 million and its profit picture for the last ten years is set out in millions of dollars. In 1985, Teleglobe's revenues totalled \$678 million.

It is interesting to note that a few months ago British Telecom was interested in this purchase and made a bid of \$750 million through the Minister responsible at that time. When one analyses the figures provided to us by the Minister of State for Privatization (Mrs. McDougall), it is clear that the Government will only receive \$345 million for Teleglobe when its book value is between \$300 million and \$450 million. The Government is selling it for significantly less to a minnow in the sea of the corporate sector when it could have sold it for \$700 million a few months ago.

Since I only have 10 minutes for debate I will not have an opportunity to talk about the remarkable action on the stock exchange. Obviously some insider information leaked and people began to make small fortunes. In light of the problem with the shares of the corporation that is purchasing Teleglobe, we suggest that this matter be set aside for perhaps three months to provide for an investigation. We could then come back to debate the whole matter again.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I rise as privatization critic for my Party to take part in the debate on this motion to adjourn consideration of this Bill. Usually such motions ask for a six-month hoist, but in this case we do not want to delay the Bill unduly and have asked for a three-month hoist. I have already spoken on the main motion. I refer Hon. Members to my 40-minute speech on that motion and they can read it when they want to learn something or when they want to fall asleep at night.

• (1600)

I would like to speak briefly on the hoist motion and tell Hon. Members why we have proposed such a motion. I would like to refer to an article by David Hatter which appeared in *The Financial Post* this week. He is a very serious and good journalist. The headline of the article reads: "Memotec-Teleglobe buy raises serious questions".

We have referred to this company in the House as "Minnow-tec" because this little minnow of a company swallowed this large whale of a Crown jewel, the Crown corporation Teleglobe. That was surprising not only to Hon. Members of the New Democratic Party but to the business community and to those out in the financial world.

Mr. Hatter states in his article:

On February 5—the very day Canada Development Investment Corp. recommended to McDougall—

That is the Minister of State for Privatization.

—that Memotec's bid be accepted—trading in the stock was suspended because of a \$2.38 price run-up (to \$13).

The price went up from about \$10 to \$13.

The company then publicly announced its interest in Teleglobe.

Memotec said late last week it believes it has complied with all disclosure requirements.

There is now an investigation by the Toronto Stock Exchange with regard to the unusually heavy trading in