

Telelobe Canada

evidence that indeed it is possible to have public sector companies which are doing well. It is a dangerous notion because the Conservative Party has made an about turn. Traditionally the Conservative Party had always been oriented towards a mixed economy. Many of our public sector companies were set up by the Conservative Party, CPR for instance, and I think that the CBC was also created by a Conservative Government. In the past, Conservative Governments have used public instruments, public companies that is, to implement public policies. But now, today, this Government wants to abandon the Conservative Party tradition. It wants to follow a new strategy, it wants to imitate, it wants to be like the Republican Party of the United States.

The Prime Minister seems to have been unduly impressed by the President of the United States. He seems to look up to Mr. Reagan as a brother, as a big brother.

Mr. McCurdy: A father.

Mr. Keeper: As a father. My friend is saying that our Prime Minister sees the President of the United States as a father, somebody who points to the right direction. But the new direction of the Conservative Party is the American direction. It is a republican direction, a direction which indicates that only the private market can be efficient, only the private market can guarantee economic development. They are abandoning the true tradition of the Conservative Party in this country. Sir John A. Macdonald would not endorse such a policy. John Diefenbaker would not endorse such a policy. A pity, because there is room in this country for a genuine Conservative Party, for an authentic conservative policy. But I think the present Government has given up on that approach.

In short, Mr. Speaker, all I am saying is that the sale of Telelobe Canada is debatable, it is not a good decision. There are at least three reasons why this is not a good decision. First of all, we have a public interest in telecommunications which we want to maintain. There are public policy reasons for maintaining Telelobe as a public corporation. The second reason is simply that the best way to manage a monopolistic industry is to own it instead of using a regulatory mechanism. Finally, why sell a Crown corporation that is a success? Why not maintain our commitment to a mixed economy in this country? Why adopt the American approach, the Reaganomics approach? Why abandon this country's tradition, and why has the Progressive Conservative Party abandoned its own traditions?

Mr. Gagliano: Mr. Speaker, I would like to start with some comments and a question for my hon. friend. First, my comments.

In 1985, Telelobe paid \$108 million in dividends to the Canadian Government and another \$80 million in 1986. Under the terms of sale, the Canadian Government will receive another \$102 million. In addition, at the end of this year it will receive another \$18 million, totalling \$308 million over these three years.

Mr. Speaker, the new owner, Memotec, will have a monopoly during the next five years. This means that a company that has been paying \$308 million worth of dividends during three years . . . they pay \$488 million, they get a five-year monopoly which means ample time to get back their investment plus dividends, and, Mr. Speaker, I wonder, and that is what I would like to ask my hon. friend, how—I can't understand it. I cannot understand this from a Conservative Government that in 1984 said it was going to manage this country like the responsible head of a family, like a businessman. A businessman does not sell a profitable enterprise. And if he does decide to sell, he makes sure the price is right. In this case, if we average \$488 million over a five-year period as a monopoly, we are talking about a fire sale.

I would like to ask my hon. friend whether he would care to comment, and whether he has found the real reason why the Conservative Government sold a corporation that is so profitable and could have helped reduce the deficit and the national debt on an annual basis.

Mr. Keeper: Mr. Speaker, it is hard to explain why the Government is selling Telelobe Canada. Today, the corporation is making a profit for Canadians. Why does the Government want to give up a corporation that is functioning and making a profit? Is he giving a present to someone in the private sector? Why sell this corporation at such a low price? Why, after selling the corporation at a low price, were they given the additional advantage of a five-year monopoly?

It is really hard to understand why the Government wants to sell Telelobe Canada today.

Today, all Canadians, all 25 million of them, benefit from the services of Telelobe, and not just the services but also the income generated by this corporation. This is a time when Canadians need this income because they don't want rate increases. But why did the Government decide to sell this company and give it to private interests, to a small group of people? Why make a decision which will benefit only a small group of people, at a time when everybody benefits from it? It is difficult to understand, Mr. Speaker. I would not dare suggest that the Government simply wants this deal to benefit its friends. I realize that people have the impression that this is the way the Government operates, that it puts the interests of its friends ahead of those of the Canadian public.

Mr. McCurdy: I am not sure that my colleague has mentioned Canada's international responsibilities in connection with international communications issues, INTELSAT, and the conflict of interest for the new Telelobe when there is an American international service which ignores the cross-subsidization system. Comments, please?

Mr. Keeper: In my opinion, Mr. Speaker, as a private company Telelobe Canada will indeed have conflicting interests—its own interests as a company which is profit-oriented, and then the policies of the Canadian Government or the needs of the Canadian public, particularly so in a situation