

Canada Oil and Gas Act

that for Algeria. The list continues: Chile, 10 per cent; China, 23 per cent; Columbia, 10 per cent.

Then we find a country with a higher expropriation probability than Canada, namely, the Dominican Republic, which has a 34 per cent expropriation probability. Next comes Ecuador with an expropriation probability of 24 per cent, exactly the same as that of Canada; Egypt also has a 24 per cent risk. The probability of expropriation in El Salvador is higher than Canada. It is shown as 58 per cent. Then we find Finland has a 10 per cent risk and France a 22 per cent risk of expropriation. That is interesting. France has just elected a socialist government which is expropriating all of its banks. Canada, which supposedly has a democratic, free enterprise government—at least that is what is claimed—has a risk factor of 24 per cent. India has a 19 per cent risk and Indonesia a 22 per cent risk. Canada is considered a higher political risk in terms of expropriation than Indonesia and all these other countries.

I could go on and on. Without exception, if you look at democratic countries as opposed to totalitarian countries on the right or the left, Canada leads the list. I have talked to people associated with Frost and Sullivan but they were not able to give me an example from anywhere in the democratic world where a democratic government had expropriated privately held assets without remuneration.

The parliamentary secretary did say that as a result of representations the government had made some changes and provided for some compensation for expropriated assets. The compensation would be 250 per cent of the current investment, but paid for out of future earnings. Let me repeat that, paid for out of future earnings. That is a cute trick. Members of the New Democratic Party would say that 250 per cent is outrageous and that was an overpayment.

Mr. Waddell: Right on.

Mr. Andre: But to anyone who looks at those numbers, the present worth of that payment is, according to one estimate I read, 5 per cent to 7 per cent. That is 5 per cent to 7 per cent of the real value. Another estimate by a company reckons that it would be closer to 1 per cent or 2 per cent. No one says it is worth more than 6 per cent or 7 per cent. They say that at the very outside the present worth of that future payment is perhaps 6 per cent or 7 per cent. Therefore, they are no longer confiscating totally. They will give the holders of the assets a maximum of 7 per cent of what it is worth in today's dollars. That is theft. As I say, no other democratic country has engaged in that kind of activity, which is outright theft, without remuneration. I think it is disgusting. Perhaps more than anything else that is responsible for the outflow of capital from Canada.

A government that would confiscate privately-owned assets without payment obviously would not think twice about things like currency control or putting up the equivalent of Berlin walls to try to keep capital in Canada. Obviously the same mentality that can justify confiscation of privately-owned assets can justify a whole lot of activity. People who are

concerned about that are taking the opportunity to move their money out of the country. They have been doing it this year to the extent of \$10 billion. If the minister of housing were really interested in people having to renew mortgages at such high rates, he would be clamouring with the minister of energy to stop this stupidity. After all, the minister of housing is carrying the political cost. Interest rates are 3 per cent or 4 per cent higher than they should be. People are having to pay that rate on their mortgages. The minister of housing is having to attend meetings in London and elsewhere, taking the abuse for that, abuse that more rightly belongs to the Minister of Energy, Mines and Resources (Mr. Lalonde), who put in place the policy that has caused these high interest rates. There cannot be any justification for that kind of confiscation.

The parliamentary secretary said that the Crown interest is not a free ride. The act says that they carry interest. Carried interest is jargon for free ride. That is legalese for free ride, and that is exactly what it means. It is a carried interest. In other words, you have an interest and you are carried by your partners. It is only when production starts that the government gets a working interest. PetroCan goes into a working interest. At that point in time anybody could take on the obligations and pay his share. At that point in time you have revenue coming in. At that point in time Harvie Andre with next to no assets could walk into the bank and borrow the hundreds of millions of dollars necessary to finance his share, because we would have guaranteed cash flow and would be going into production. The money is going to be there to service the debt and pay off the loan. For the parliamentary secretary to say that that represents the government paying its fair share, or PetroCan paying its fair share, is again an absurdity. It is not doing so, Mr. Speaker.

● (1720)

I also want to deal for a moment with the remarks of the Parliamentary Secretary to the Minister of Finance, when he denied in the House last Friday statements of fact by spokesmen of this party that money, equipment, personnel, rigs and everything else were leaving the country. He asked us to provide proof. Let me quote from his remarks. He quoted from an article in *The Financial Post* and then he said:

That does not sound to me as though the National Energy Program is driving small Canadian companies out of Canada. It sounds to me as if they are saying the NEP is a very good program, that it will lead to additional exploration and development, and that they can hardly wait to get their drills into the ground.

The Parliamentary Secretary to the Minister of Finance should know better than that, and I am sure he does. I am sure he must have blushed a little bit when he made those remarks. I should like to read to him a Canadian Press story of today's date by Steve Mertl, Denver, Colorado. He said in his article, which incidentally is part of a parcel of news clippings collected by the Department of Energy, Mines and Resources, so it is not something I made up:

About 50 U.S. subsidiaries of Canadian-based firms now have offices in Denver. They are here to exploit renewed interest in the potentially-rich Rocky Mountain formations and looking to prospects across the U.S.