

Economic Policy

be. Recently, however, there has been quite a spate of stories about the kind of waste that takes place in the private sector, and about what happens when you have the kind of economy where people are allowed to pursue their own ends. If, as Adam Smith thought, the pursuit of those ends leads to some kind of intelligence and while the methods might not be desirable the objectives might be worth while, one would have some sympathy. But you find that people who are engaged in building shopping centres, for instance, are sighing with relief because money has dried up. They have had to build and yet have so many empty spaces in their shopping centres that it is hard for them to stay alive.

A headline in the *Globe and Mail* of March 19 reads: "Industrial leasing vacancies greatly exceed demand". All kinds of facilities have been built that are not being used, and all kinds of capital has been put into these things and it has now gone down the drain. Of course we will use them in the future. As the country grows I am sure these facilities will be required. In the meantime, and while the hon. member for York-Simcoe is complaining about the great inrush of capital and the resultant high interest rates that need to be maintained in order to get this capital, it is being wasted.

Another horror story appeared in the *Toronto Star* of March 23 relating to empty hotels. Under the heading "Empty hotels: a look at the biggest losers", the article says that in the city of Toronto in recent years three major hotels have been completed—Plaza II, The Prince, and Harbour Castle. The Harbour Castle is described thus, "Is the site a plus or a minus?", The Prince "The trial balloon didn't soar", and the Plaza II as "The hotel that hardly anyone knows about".

I do not have the exact figures on the other hotels but apparently The Prince cost \$23 million. The city of Toronto does not need the hotels. The occupancy rate is something like 20 per cent or 30 per cent in these new hotels. Those are just a few reports that have appeared in the newspapers. Here we are talking about \$50 million or \$60 million when we cannot get enough money for housing, enough money for the manufacturing industries if we require to expand them, yet we are putting up these kinds of hotels.

I should like someone to explain how the private sector with all that comes to it through investors, is increasing the productivity of this country, or how putting up hotels that stand with empty rooms is increasing productivity. You might call it private waste and say it is their money and they can spend it as they will, but today it is everybody's money, Mr. Speaker, to the extent that when one group of people in our society use capital they are taking it away from some other use; to the extent it is important to the country when it has an effect on the exchange rate. These people are not islands, and what they do affects others.

If waste takes place it is not just the individuals involved who suffer or lose on their investments. Governments are deprived of revenue, and very often a loss of one commercial enterprise is written off against the profits of another. In fact the taxpayer becomes a partner to these losses and waste just as surely as he is to some of the things the Auditor General discusses in his reports. Waste is waste, Mr. Speaker, and it is one of the problems we run

into today. I do not see how any modern society can proceed on the basis that the individual entrepreneur can handle the situation if he is left alone.

In the case of the Beaufort Sea the hon. member for York-Simcoe deplores the fact that environmentalists are entering the picture. But, Mr. Speaker, we have to take the environmentalists into account; they have to be heard. People are entitled to make representations. I should like to see these things expedited, but there was a time when we used to do things the way they were done in regard to the pipeline—a minister made up his mind, rammed legislation through parliament, and did not care about the consequences for the economy or the people affected by it. We know a little better today; it takes a little more time to get things done.

When it comes to the question of planning in the field of energy, private enterprise has demonstrated how totally bankrupt it is to meet the needs of the country. Then we talk about over investment. One of the reasons that interest rates are so high and ruinous to small businessmen is that we are talking about billions of dollars needed to provide energy in the future. This is a fine argument—we are running out of energy, and therefore the industry needs more profit in order to provide energy in the future.

A few years ago we were being told that we would never have to worry about energy supplies in our lifetime; we had so much that it was a sin to keep it in Canada. The total effort of people in the energy industry was directed toward persuading the government to allow them to increase their exports of gas and oil. They said we had so much energy to spare that it was an embarrassment to us. The government bought the idea. We exported fuel we ought not to have exported. We permitted overdevelopment in the industry. That should not have happened.

● (1550)

Let me remind the House of what happened in the early days of oil development and why we exported vast quantities of our oil. It was not enough that oil had been discovered in western Canada. We were not satisfied with letting one or two companies rationally service the Canadian economy. No, that was not good enough. People thought money could be made, and they rushed into the industry. The result was tremendous over capitalization in the oil industry, particularly in Alberta. The government of Alberta was forced to prorated production; at one time it prorated production at 35 per cent of well capacity, to restrict the amount of oil an individual operator could take out. You can see what caused the tremendous pressure for exports.

People had invested huge sums in our oil and gas industries. They had over invested. The capital was sitting there, not bringing the return people thought it should bring. They wanted to sell our oil and gas as quickly as possible, just to recover the excessive capital which should never have been invested in the industry in the first place. It was over developed.

To hear people talk, you would think this country suffers from a shortage of capital. This country does not suffer from a shortage of capital. In this country there is not enough rational use of capital. From that we suffer. The people of this country are known to save more money than