

innovative and make him take risks. There is no longer any motivation.

Dealing with federal public enterprise may I take a few minutes to enumerate how this drift to state capital has worked so well for the government. At the opening of this debate the hon. member for York-Simcoe (Mr. Stevens) drew to the attention of the House the national finance report of 1974-75 which lists the performance of all the Crown corporations of Canada. At the end of 1974, they had borrowed some \$13.8 billion from the public trough.

An hon. Member: Oh, oh!

Mr. Huntington: I will not bore you with too much of it. You are the only one over there who has read it.

They will have returned, but not to the public trough, on balance sheets some \$1 billion in earnings by the end of 1975. The deficit list grows and grows because there is no incentive for those corporations to perform. If they make a mistake, there is more in the trough. They roll over their borrowings. They do not pay them back. They work at the government cost of money, not the cost of money with which free enterprise has to work. They do not return taxes to the federal treasury as they say they do. They just defer tax. Look at the hundreds of millions of dollars deferred.

The crowning one is this beautiful portfolio, Air Canada. Air Canada people cry and complain about the cost of their capital, and they borrow money that they never pay back. They just roll it over. They buy it at the cost to the Canadian government. The cost goes down to 3.9 per cent. The highest they paid on a little bit was 7.6 per cent, yet they cry about this interest burden on their operation.

Air Canada came out with a statement that I thought showed it would be \$9 million in the hole. In actual fact, by the end of this year they will have reduced their retained earnings by \$9 million. In addition, another \$9 million will be lost by reducing their deferred income tax. They will have lost \$18 million even though they have a monopoly with the cheapest sources of capital in the world. They cannot even perform at a profit or compete with anybody else in the incentive sector of this so-called industrialized nation. We are creating something that will be bigger than Air Canada. It will be more wasteful.

What we are doing with this Petro-Can bill is building political bases with performance disasters. No one in this House can believe that Petro-Can will be any different. I wonder who the new mandarin heading it will be?

I will move on to the minister's next point. He is worried about dealing with overseas states. He thinks we now have to deal on a state to state basis. What are the Department of Industry, Trade and Commerce and the Department of External Affairs for, Mr. Speaker? Why do we have trade commissioners offshore? We used to have, and probably still have a service that is respected by trading nations all over the world. Now we need something else. Why? The minister worries about security of supply. He feels this Petro-Can bill will ensure our supply from offshore nations. Just remember the last oil purchase in which the government got involved.

Petro-Canada

What really got me is the minister's statement that the majority of Canadians want a broadening of Canadian ownership and thus this Petro-Can bill. When I look at the performance of Canadian ownership and all these other Crown corporations alongside ownership where the capital was expensive, tax paid and the performance by incentive, I cannot understand how the Canadian people got into this opiate state. Canadian people want tax laws that give them an incentive to save, own, compete and have something worthwhile that they have done on their own for their old age. That is how we should be legislating.

● (2040)

Also in Petro-Can I notice we have got a new school opening. He finds it very exciting that we are going to be training the native people for the industry in the north. Mr. Speaker, may I ask you where the Department of Manpower has been with all its training programs? Where has the Department of Indian Affairs been with its knowledge of this problem and its so-called inter-ministerial relationship with the Department of Manpower? More duplication. Do we really need it? Why do not the departments which were first created for these purposes function properly?

The minister also advises us that there is to be a corporate business framework subject to basic disciplines, with an operating statement and a balance sheet. I will show you another one, Mr. Speaker, and I bet you Petro-Can will not even duplicate this one. The minister cannot stand short term profit maximizing. He says short term profit maximizing under the petroleum industry is not in the best interests of this country. I am not a great admirer of large capital organizations because I think some of them are as bad as state run organizations, if not worse. However, I have taken account of the billions of dollars which the oil industry in Canada, even granted the extent of its foreign ownership, has invested for the future in exploration and in attempts to expand the known reserves of energy in this country. This work stopped as a result of legislation given to this country by the government across the way.

The minister also stated he wanted a vehicle to mobilize capital. The initial capital is to be \$500 million. Where is it to come from? It is to come from the Consolidated Revenue Fund, that great trough. But it is this \$500 million which will provide the vehicle for borrowing a billion dollars. From whom, for what? The money press? Tax reform would make all this unnecessary if there was any understanding of how the incentive sector works and the motivation that any system needs if it is to solve the problems and crises we shall be facing tomorrow.

Another suggestion I would like to put forward to the minister is in the area of the capital needs we shall be facing between now and the end of the century. I am sure this suggestion has been made to him by some of the members in this party before now. It is to increase the velocity of the use of capital in this expensive northern development, as has been done in the case of the North Sea development. I might say that countries almost as socialized as this one have seen fit to allow 170 per cent return of original capital before taxation and have seen fit to give further blocks of the resource to extractive organizations so that they, with their knowledge and technology, and