

*Telesat Canada Act*

make any difference whether it is privately or publicly owned. In either case, the loss will be made up by the taxpayers of this country. It will come out of their pockets either, in the form of higher prices or in the form of higher taxes. So, let us not go along with the pretence that one way you save the taxpayer money and the other way you do not. As Jakubowski said in the book, "Jakubowski and the Colonel", there are two possibilities. The first possibility is that it will do well and make money. In this case, we will have given away a profitable undertaking which would have been of benefit to the Canadian people and to other investors. That would be a pretty pointless situation. You would be giving away an advantage you possess on behalf of the Canadian people. The minister is the initiator and we, as the parliament of Canada, are being asked to approve this program, so we too are initiators. I think it would be a pretty poor business to give away our advantage in such circumstances. Certainly, acting on behalf of the Canadian taxpayers and citizens as I believe we are here to act, we would not want to be put in this position. So, let us leave that possibility for the moment. If the Corporation makes money, then it is too bad that we have not taken it into public ownership.

Suppose it does not make money, which is also a possibility. First of all, if this happens, all the private investors are going to leave. How long do you think the investors would stay in Telesat if their rate of return were not equivalent to other rates of return in the market place? How long would they keep their money in Telesat? They would soon pull out. What would be the result? Would the government of Canada pull Telesat out of the sky and say: "Sorry, Telesat, we cannot finance you any more; the private investors have pulled out"? Of course not, we will have to finance it ourselves anyway. That money will have to be raised in some way because we cannot afford to back down from this program once we are committed to it. It is far too expensive and far too important.

Once we make a commitment to this kind of program, we are stuck with it whether or not it makes money. Obviously, the private investor will not stay in unless the venture is making money and giving him a very good return, the same return as he would get from any other equity on the Canadian, the U.S. or any other market. We have heard all too often about dealings on the international markets and the way in which the investors

consider the rates of return and invest accordingly. So, let us not be misled about that. It is quite obvious that the government in that case would have one of two choices. It would either have to find some way to satisfy the private investors, such as juggling the books to make it look as though Telesat were making money or else encourage the private investors to put their money into Telesat. This is not what the minister has been saying or leading us to believe and in either case it is the Canadian people who are going to pay for it, whether they will be paying by way of giving investors a large profit or by way of subsidizing the program.

When we examine the common carriers' position we realize that obviously they will not join this present troika arrangement out of charity. Obviously, they are in it first of all to assure themselves a place in the new technology and, secondly, to make money. I do not blame them for that. That is what they are in business to do. Those were the terms of reference. What happens if they do not make money? Do you think they are going to be happy? Do you think they will continue to invest? One of two things can happen. They might pull out and say: "I am sorry, this is a losing proposition. We have a responsibility to our stockholders, so we have to pull out. We cannot go on in this thing". In this case, the minister will have to come to the rescue and dip into the pockets of the Canadian taxpayers to make sure that the project does not collapse. What will most likely happen, despite the objections that the minister raised to this suggestion in the committee, is that there will be some juggling, and if it does not make enough money an adjustment will be made to ensure that it does. In such a position we would be robbing Peter to pay Paul. If you take a look at the common carriers, you find that, first of all, we have Bell Telephone.

● (9:30 p.m.)

If Bell Telephone invests in Telesat and the venture does not pay off, with the result that the rate of return to its shareholders drops, the company goes to the Board of Transport Commissioners with an application to increase the rates charged to private users of telephones on the ground that the return is not high enough. We practically guarantee this company a specific rate of return, and the rate has been exceeded time and time again. But the point is, they are guaranteed this rate of return, and if they lost money on Telesat the loss would be made up by the