

Canada Development Corporation

the great lengths he did in order to point out that it is not the intention of the CDC to lend money or to involve itself in corporations whose capitalization is less than \$1 million. I am not entirely clear what that means. Does it mean the investment of the CDC plus the existing capitalization of a company, or does it mean that the company itself has to have capitalization of \$1 million?

Large companies in Canada do not seem to have any trouble getting money, so why is the CDC concerned about helping corporations which already are in a position to obtain finances? Certainly they are in a much better position to get their financing than are smaller Canadian companies—and it is really the smaller company, the innovator company, whether it is a drug company or a scientific research company, that is having this difficulty. If we are thinking about the future, surely these are the companies about which we should be concerned. Yet they are the very companies that the minister is excluding from CDC assistance.

Let me illustrate this point with an example of how unfair the CDC will be to such companies. On February 2, 1970, a news story appeared in the *Financial Times* headed "Wanted: Industrial Sponsor for DRB's New Gas Laser". The research branch had developed a laser that had commercial application. Since they were not in a position to develop it themselves, they were looking for someone who would undertake to put it on the market. Canadian Patents and Developments Limited therefore called on companies to indicate that they are prepared to do this. Two small Canadian companies were selected for this purpose.

I called the department to see how they were getting along and what kind of progress was being made with this laser which had an enormous potential. My understanding is that the companies are working hard on it but are severely hampered by lack of capital. These companies do not have \$1 million themselves; they fall far short of it. As a matter of fact, probably all they have is the ingenuity of their owners, their talent and brains. But because of the way the bill before us is written, these companies with enormous potential, the very companies we should be helping, will be excluded from any help at all. I find it difficult to believe that the government will be in a very strong position as long as it insists on keeping this particular clause in the bill.

The minister has gone to great pains to indicate that the CDC will not be a Crown corporation. Over and over again he said that it will not be responsible to government and will not be under the direction of government. Yet in some ways it will receive guidance from the government. In some ways it is supposed to act in the national interest. I have been trying to fathom out the chain of communication. Either the minister is misleading us, and I would hate to think he would do such a thing, or he intends to exercise very strong control over the policies of the CDC. If that is not so, then I think it is pointless. What is the point of the whole thing? It is so pointless that the story is going around—some of the news stories that have been written and the analyses made indicate this—that it will be virtually impossible to obtain the kind of management that we should be getting

[Mr. Saltsman.]

for the CDC because any sensible businessman, faced with the kind of contradictory terms of the proposed corporation, would not undertake to carry out those terms.

If you tell a manager that the purpose of your corporation is to act under the direction of the government in policy matters as defined by the government, he knows what to do. If you tell him that all he is supposed to do is just make profit, again he knows what to do. But when you tell him that he is supposed to make profit but he is also supposed to act in the national interest, no such person will be found because I do not know how anyone can operate a company in this way. Therefore, this legislation is unfair and unworkable and the government will have to change its terms somewhere along the line if it is to have any purpose at all.

This afternoon when the President of the Privy Council (Mr. MacEachen) was arguing the point of order before the House, he dug up two examples of Canadian corporations which started out as private companies. They are both very bad examples for the future of the CDC. In one case he mentioned the CNR when attempts were made to keep it in private hands. Eventually the government had to take it over, in the national interest.

• (9:30 p.m.)

In the other case they started off with the Bank of Canada—in some ways the history of the Bank of Canada is quite similar to the CDC—and they were going to offer shares to the public and bring in people from the banking industry to sit on the board. That became unworkable, in fact absolutely impossible because the purpose of the bank was to serve a national interest and the purpose of the people being put on the board was to make a profit. The two things could not be reconciled. This country has never looked back on that situation, and whether we like public ownership or not I think everyone agrees that the Bank of Canada should be as it is today. Over the years it has become increasingly clarified that the bank is an instrument of, or a response to government policy, and could not be otherwise.

The minister also says that the government will not try to control company policies and that the government is just going to be an investor. I would think that control is more important than just putting money into the corporation, because sometimes if you are concerned about national interest you need to have a say in the policies of the corporation. You do not necessarily need control, but you have to be in a position where if the board are not acting in the national interest, you have a say. The minister says he does not want to do this, that he does not want to interfere with the management of the company. But what assurance has he that the companies he will want to invest in will respond to the national interest? If the corporation is not going to do all these things, then what is it supposed to do? The one message that emerges most clearly is that it is supposed to make money. Over and over again we are told that the CDC is supposed to make a profit.

Let me make it clear that I think there are many areas where profitability is perhaps a reasonable approach, a