

The premier of B.C. said that it was a new corporation which would make share offerings to the public. Shares would be offered through banks, etc., initially to B.C. residents, and later on shares would be sold to the Canadian public. It would not be a Crown corporation but a private corporation working in the private sector. It would have less government ownership than 50 per cent, which is the percentage held by the government in the case of the Alberta Energy Corporation.

The first announcement was that public shareholders would elect the majority of the board of directors and that no government employee would be allowed to serve as an officer, director or employee of the corporation.

The minister gave, as his defence of the government's position, the fact that it had created a few years ago the Canada Development Corporation in which it included some government assets, notably Polysar and its many subsidiaries. Of course it also has in its operations of the CDC, Oil and Gas Limited, Connlab Holdings Limited, Venturetek International Limited, Ventures West Capital Limited, Innocan Investments Limited, Texasgulf Inc., in addition to the one I mentioned, namely, Polysar.

The minister also said that there would be further distributions of shares to the general public. We on this side of the House would like to know when that is likely to happen. We know what the government announced when it founded CDC, but so far the government still owns 65 per cent of the equity in CDC. My information is—and it is hard to tell from the annual report—that the government still owns all the common shares, and that class A preferred shares are held by 21 institutional and industrial enterprises. The class B preferred shares are the only ones which have been offered to the Canadian public, and so far only 17,000 Canadians are shareholders. Of those, some 88 per cent, or 15,000 shareholders, own less than 100 of those shares.

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The important thing is to see that a corporation like that gets itself completely separated from the government. The CDC and the minister have failed on that score as well in that the board of directors includes no fewer than three gentlemen who are deputy ministers of this government in Ottawa. It is important that we have corporations like this which are free from government intervention, interference, intrusion or whatever, that they take their task seriously, and that they become independent by having an independent board of directors and by seeing that the public of Canada owns a controlling interest, if not total ownership, so that they can truly be called bodies independent from the government. The minister's answer fails on those three distinct points. It fails on the source of the assets, on the ownership of them, and on the background of the board of directors.

Mr. Bob Kaplan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this is an interesting question, and the development which has been going on in British Columbia is also interesting.

Adjournment Debate

Speaking for the government I can certainly say that we do not believe in government ownership of enterprises for its own sake. Quite the contrary, this government and the Liberal party stand for the belief that the private sector and the free market are the most efficient means of production. In fact it is the private sector which has been responsible for creating, in countries which have committed themselves to free enterprise and to the free market, the greatest prosperity the world has ever known. Canada, of course, has been a great beneficiary of that approach to economic organization. However, there are times and sectors in which we believe that government ownership is appropriate. In some sectors the enterprises which operate are strategic instruments of government policy, such as the Canadian Broadcasting Corporation, or one might select some transportation agencies and other companies of the government to make the point. These are agencies which operate and fulfil government or public policies. They are not meant just to be efficient allocators of goods and resources.

In other areas we depart from the principle of the free market and free enterprise because the enterprises are not profitable or because it is in the public interest that we continue. We cannot very well expect the public to be interested in acquiring shares of enterprises which are by their very nature not profitable.

In other cases—and I am thinking particularly of de Havilland Aircraft which is an enterprise in my own riding—there are government acquisitions which are intended to be temporary. Our hope and expectations are that the aerospace industry can be rationalized and that at a certain point down the road Canadian private individuals will become interested in being shareholders of this enterprise.

What about the Canada Development Corporation? It is an excellent idea. It is one of which we are very proud, and its 17,000 shareholders, I observe, are a large number of shareholders. It is not a small number of shareholders, as the hon. member suggested. The purpose in establishing the CDC was to establish a substantial pool of Canadian capital which could be available as a counter-weight to the enormous influence of foreign capital present in Canada.

As the hon. member observed, our intention is that the pool of capital will become privately owned over time and not remain in the control, as a major shareholder, of the federal government. But so long as this is so, I am sure the hon. member will agree there ought to be representatives of the government on the board of directors, and indeed there are, in the form of deputy ministers. He has urged on the government that—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. parliamentary secretary but the time allotted to him has expired. The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

The Acting Speaker (Mr. Turner): I do now leave the chair until eight o'clock tonight.

At 6.27 p.m. the House took recess.