

If we as Canadians really want to see Canadians take a greater part in the development and ownership of Canada, the onus is on the government to direct all its energies to this end instead of presenting legislation that encompasses the idea and concept of ownership but very little else. For Canadians wishing to invest there is CPI, Canadian Pacific Investments, which is encouraging investment by Canadians in Canada. I am sure there are many other large firms that are, in essence, conglomerates spreading their investment portfolios over many aspects and sectors of the Canadian economy.

We are told that the Canadian government wants to ensure there will be resource development. The government wants to see a strong manufacturing sector and Canadian identity connected with our communications industry. How will the Canada Development Corporation establish and maintain these objectives? As I have pointed out on a number of occasions, the Canada Development Corporation idea and concept is not a new one. In 1963, in his budget speech to the House, the then Minister of Finance proposed the idea. It was soundly thumped, one could almost say, by the investment corporations throughout Canada and the then Minister of Finance dropped the idea. I think he dropped it at that time because at the same time he also brought in some penalty clauses regarding investment in foreign companies and in foreign companies operating in Canada. These he had to withdraw, so at the same time he dropped the idea of a Canada Development Corporation, feeling, I suppose, that Canadians would be reluctant to invest in a company designed, perhaps, to buy Canada back, to be a buyer of last resort. Or perhaps he felt it might be taken as being a buyer of last resort.

We are told that the Canada Development Corporation will not be a buyer of last resort, that it could hardly have helped out in the case of Dosco in Sydney, Nova Scotia. In that case the provincial government, with the help of the federal government, stepped in as a buyer of last resort and took over a failing steel industry. The takeover, according to latest reports, has been quite successful. But the Canada Development Corporation would not have done this because its main objective will be, we are told, to make a profit. It is actually well understood that if it does not make a profit it will not induce or encourage very many Canadians to invest. In the initial stages the Canadian government is to be the major shareholder, and we are told will no doubt remain the major shareholder throughout the life of the corporation. It may reduce its percentage of investment to 10 per cent, but it will not likely reduce it further.

• (12:50 p.m.)

The idea or concept is for the Canada Development Corporation to create a pool of capital and of entrepreneurial skill to encourage Canadian interest. How successful will this be? Will it be influenced by national interests to purchase Canada back and maintain a place for Canadians to invest in Canada, or will it really be guided by its interest in making a profit at the expense perhaps of not being a buyer of last resort?

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#### *Canada Development Corporation*

It is interesting to debate this question with people across the country who have great hopes and aspirations for the CDC. Many of them actually view it as a buyer of last resort and as a corporation which will allow Canadians to invest in Canada, thus maintaining a high degree of Canadian content in our industries. It is interesting to note what the Parliamentary Assistant to the Minister of Finance said as recorded at page 6391 of *Hansard* for June 4. He was referring to shareholders and directors who will be appointed from the public sector. He said, meaning the government:

Thus, it will always be in a position to exercise the degree of influence on the over-all policies of the corporation—

What will be the government's wish? Let us suppose this corporation does not get off the ground too efficiently and the directors find they must invest in an enterprise that is not wholly Canadian. Let us suppose they want to invest in some other area which is not readily going to maintain Canadian content, or that they would not buy a company which in essence was failing. Canadians across the country might well get into the field of politics and apply this particular question to these great hopes. Then the government would have to exercise its influence on the Canada Development Corporation. The corporation would then have to invest in a failing company, whether it be McClelland and Stewart of the publishing industry or a manufacturing company in another part of Canada.

We can foresee a great deal of difficulty keeping the Canada Development Corporation out of the political sphere and solely in the investment sphere. If it is not kept out of the political sphere, shrewd Canadians will be reluctant to invest in the Canada Development Corporation which may have to bend to the wishes of the people prior to an election and use Canadian investors' money in an area which will not show a satisfactory profit.

I should like to think Canadians are shrewd investors and want to place their money where it will bring the highest return. The Canada Development Corporation does not lend itself that readily to fulfilling every aspect of that idea. It will be tied down by a heavy investment influenced by the Canadian government through directors. It will then be driven out of the private sector. As the Parliamentary Assistant to the Minister of Finance said, the government will always be in a position to occupy a degree of influence over the policies of the corporation. This will make the corporation inoperative in the sense that it will really never have the opportunity to make Canadian investments. The government will always maintain dominance in respect of investment capital in the corporation.

There is another aspect of the bill which is distasteful in many respects. The corporation is to invest in companies which already have \$1 million in capital investment. This is a young country with great potential. If one looks at the corporation registries across Canada one will see that approximately 82 per cent of our corporations have a net taxable income of less than \$35,000. This gives some idea of the large number of small corporations in Canada. Some of them are very sound and could use a great deal more capital investment.