

Canada Development Corporation

Mr. Thompson: There is nothing wrong with him at all.

Some hon. Members: Hear, hear!

Mr. Thompson: Except that he is supporting a piece of legislation which I do not think is characteristic of him at all. I recall back in the early days, before he or I were members of this House, we did on occasion discuss some of the things this country needs. I wish we could go back to the old days because I think we might have better legislation than we have now.

Mr. Pepin: But you have changed so much since then.

Mr. Thompson: If you listen carefully to what I have to say, you will find I have not changed at all.

The Acting Speaker (Mr. Richard): Order. Will the hon. member please address the Chair.

Mr. Thompson: Yes, Mr. Speaker. I was merely reminiscing over days in the past, and on a beautiful Friday afternoon when spring seems to be heavy in the air, there is a great temptation to get into a personal digression.

This proposal to establish a Canada Development Corporation has appeared in practically every Speech from the Throne I have heard. It has been the subject of debate in every session during which I have been a member of this House. It now appears to me it would have been far better had the government resorted to one of the contraceptive devices well known to governments and forgotten about the idea altogether. I say this because I do not believe the CDC as proposed here will meet the needs of Canada. I recognize there probably is a legitimate place in the economy for a Canadian development corporation, provided it is geared to sound principles, provided it could do for the private sector of the economy some of the things which the private sector finds difficult, and provided it would really assist in the expansion of our industrial development while at the same time helping retain a larger percentage of ownership in Canadian hands.

I go back to 1965. The Hon. Walter Gordon was at that time minister of finance and he was the one who first enunciated the basic concept of a Canadian Development Corporation in any detail. In a speech on June 3 to the Canadian Textile Institute in St. Adele, he had this to say:

The purpose of the Canada Development Corporation will be:

1) To initiate the development or expansion of large-scale new enterprises in Canada. If the Canada Development Corporation had been in existence some years ago, it might have participated in such things as the Trans-Canada Pipe Lines, the development of the Canadian oil and gas industry, the tar sands of Alberta, Saskatchewan potash, Labrador iron, the integration of certain sections of our forest industries, and so on.

2) To acquire a controlling or a substantial minority interest in existing Canadian enterprises which otherwise might have to be sold to outsiders.

3) Where suitable opportunities occur, to purchase Canadian businesses or resources now held by non-residents and to provide an additional source of funds where non-resident owners want to bring in substantial Canadian partnership in their enterprises here.

[Mr. Thompson.]

I wish the piece of legislation before us would bring about these objectives which were enunciated six years ago by the former minister of finance. If this bill were doing these very things, I would support it because I believe all three of the issues which Mr. Gordon defined are critical issues as far as the development of our industry is concerned. But I do not see this legislation having such an effect. It is a much paler, watered down version of Mr. Gordon's vision at that time and as far as I can see it will not attain the objectives he had in mind. This is not only my belief. As far as I can see, those who are experts in this field share this view.

During its entire economic history, Canada has not been able to provide sufficient capital to meet all its demands for growth capital. Canada has therefore relied, and continues to rely, heavily upon the financial resources of other countries, chiefly the United States. Yet it is not the lack of capital alone which has brought about this situation; it has been the investment climate in Canada, or the lack of a climate which has not been attractive to Canadian capital. As a result, capital has been attracted from the countries where the laws governing the investment of that capital offer more encouragement to investment and incentive than we have been able to provide for our own investors in Canada.

• (3:00 p.m.)

The idea of such a government-sponsored catalyst to sustain Canadian-owned enterprise and to encourage Canadian investment in Canadian enterprise is certainly not new, but the terms of reference and the basis on which the government is proposing to do this are, I think, completely inadequate on the one hand and wrong on the other.

If a Canada Development Corporation is to accomplish a worth-while purpose, it would not just have the objective of buying back Canada; it would also encourage the investment of Canadian capital in Canadian enterprise. Apart from the money being held today in funds belonging to insurance companies, mutual funds and other types of corporate financial institutions, there is more than \$12 billion in the savings accounts of Canadians. In addition to that, an increasing amount of Canadian savings is being invested in the United States, very often in the type of speculative stock that does not, in the long run, bring about the return that people expect. The tragedy of the situation is that we are not using this source of capital which we have at our disposal: this is where the problem lies.

Look at the situation in Japan. Japan has not only developed a viable economy where the growth of the gross national product has been nearly double ours during the last 20 years; it has also put vast amounts of money into development in Canada and elsewhere. Where has this money come from? It has not come from the United States, from Switzerland or from France. This money has been generated inside Japan. The Japanese have effectively used their own capital, the banking system and the Bank of Japan to generate this capital.

I should like to know why we cannot do something like this. Why does not the government bring in legislation to