

Canada Development Corporation

bers across the way as their government sets out on a path which brings wanton destruction to Canadian institutions and Canadian aspirations.

Bill C-219, the bill before us today, is no better and no worse than any other bill which the government has tabled during the time I have been in this House. I must say, Mr. Speaker, as my hon. friends have said already, that this bill is just more of the same. As is the case with other bills which we have debated recently, we are expected to pay dearly for anything in this measure that is worth while. In exchange for an ounce of benefit to the community we are expected to give a pound of concessions.

My first reaction to the bill was one of pure amazement. I wondered whether it was the same bill the Minister of Finance (Mr. Benson) was thinking about when he launched it with such fanfare. My impression was that the government was attempting to get out of the Crown corporation business simply by changing the name of the game. I can see the government getting into the business, commercial and industrial community on a scale which would make even the NDP blush with shame. The way the CDC is designed to operate leads me to foresee the day when the government will be stuck with every industrial concern in the country which cannot pay its own way or show a profit.

I believe the corporation is bound to be subjected to a great deal of political pressure. The bill starts out so innocently that one is lulled, at first, into believing that here is a government measure which has nothing to do with grabbing power from Parliament. It does not take much study of its provisions, though, to realize it is not a bill which will inject much-needed new blood into the free enterprise system and give the Canadian investor an incentive to gamble on the future of industry and resource development in this country.

I am disturbed by the way in which this legislation is written and by the attempts of its writers to disguise the true importance of its manifest dangers. To begin with, an attempt is made to convey the impression that the federal government's total involvement will be limited to \$250 million out of a total of \$2 billion. In succeeding clauses, however, we find that the Minister of Finance will be allowed to make loans to the corporation up to a total of \$100 million, such sums to be secured on the basis of shares of stock in the corporation. This would bring federal government involvement to \$350 million. Further, clause 39 gives the government power to divest itself of several Crown corporations by selling them to the CDC for cash or for additional shares of stock.

I do not know what value the government places on Polymer Corporation Limited, Eldorado Nuclear Limited, Panarctic Oils Limited and Northern Transportation Company Limited. There is little doubt in my mind that these viable corporations will be valued in the hundreds of millions of dollars, so we find ourselves becoming involved to the tune of \$600 million or \$700 million in a corporation whose dubious purpose it is to encourage and stimulate investment in Canadian private business and industry.

[Mr. Murta.]

Further to this, there is no guarantee that the remainder of the \$2 billion capitalization will ever be subscribed by the private sector. All moneys loaned by the corporation will be secured on the basis of shares in the businesses borrowing money from the CDC. Thus, the CDC will own at least a minority interest by way of a mortgage in every company which borrows from it. We can assume that in many cases the CDC will be vested with a majority interest in such companies.

There is an implication in this bill, Mr. Speaker, that Canadians who hesitate to invest in viable, healthy Canadian companies at the present time will be greatly encouraged to invest in the same or other companies since from now on their investments will be guaranteed against failure or loss. Nothing could be further from the truth. Clause 24 of the bill provides:

Notwithstanding sections 21 to 23, and section 36, the company shall not redeem or purchase for cancellation any of its shares if the company is insolvent or if such redemption or purchase for cancellation would render the company insolvent.

End of quote and end of any illusion that Canadians are likely to rush to invest in the CDC. Clause 41 contains a provision whereby the Deputy Minister of Finance and the Deputy Minister of Industry, Trade and Commerce automatically become ex-officio members of the board of directors of the CDC at such time as the shares in the CDC held by the government exceed 50 per cent of total outstanding shares. I will not say that the government anticipates acquiring more than 50 per cent of the shares of the CDC, but it is clear that the administration does recognize the possibility, perhaps even the probability of such an eventuality. In all conscience, I cannot see how the additional burden of federal government bureaucracy, with its attendant inefficiency and expense, can possibly make investment in the private sector of Canadian or any other industry more attractive than it is under our present free enterprise system.

I cannot help thinking that any industry which cannot succeed with proper management and private financing, assuming it is dealing with a saleable commodity, would be a poor risk or at best a marginal risk. There is a great danger that the Crown corporations which are presently self-supporting and which return a profit to the treasury may in future be used to shore-up losing propositions, and I cannot see how the CDC could possibly be other than a losing proposition from the start.

At the outset the CDC would give the appearance of being a viable corporation solely through its acquisition of the four Crown corporations. I fail to understand how it would benefit anyone, least of all the Canadian people, for the federal government to appropriate funds with which to purchase corporations from itself. In effect, it would be taking the Crown corporations out of one pocket and thrusting them into another pocket in the same pair of trousers. It is possible that this makes sense but it is not probable, and I should like to see some demonstration of the advantage of such an exercise before I would be agreeable to voting favourably on this bill.