

It was based on railways, tariffs and immigration. There is of course a completely new set of circumstances today, but what I think we have to reach for is an overview leading to a new National Policy. I think the Canada Development Corporation will lead us closer to that particular policy.

This all comes at a time when we can no longer count on the inflows of foreign capital we have counted on in the past. The United States and the United States dollar have come to occupy a place in the world that was formerly occupied by Great Britain and the pound sterling. The United States is going to be obliged to adopt policies in the future with which we are not yet familiar, and in respect of which we now get exemptions because of our extremely close relationship. The U.S. economy can do severe damage to ours if the full force of some of the measures the U.S. may have to adopt in the future to protect the value of the U.S. dollar and to handle their trade balances in the world is applied to Canada.

Now that they have world responsibilities which are new to them, we can no longer afford to be so closely linked to the kind of world policy the United States will have to follow to discharge its world responsibilities. Indeed, these could be very harmful to us. We cannot count on continuing inflows of these dollars or on continued exemptions from general U.S. policies because of our special position. We must have new institutions to generate Canadian savings and put them into the most productive areas of our economy, ensuring also that we have profitable returns from very scarce capital resources. We must, therefore, proceed with haste. There is no time to be lost in launching this particular venture and I return to my opening remarks to state "at long last the CDC is here."

• (4:20 p.m.)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak on this bill in respect of the Canada Development Corporation one can be sure he is speaking to a bill that has been under discussion for ten years. Still, it will create an enormous confrontation before it becomes law. Even if it does, it will be years before it is decided one way or the other what the value of the Corporation is or in what direction it will move.

Every so often Canadian governments decide it is a good idea to become involved in big business. This present entry into business means the government is faced with a dilemma. Will it make policy or will it manage? If the government is to be involved in big business by means of the Canada Development Corporation, will it then be embarking on a policy which will result in the affairs of the country being so arranged that the Canada Development Corporation will be placed in a preferred position?

Mr. Walter Gordon, former Minister of Finance, may take some credit for the fact that his brain child, first suggested in 1961, has now come forward as legislation. There are some who say that the CDC, as envisaged in this legislation, is different from that proposed by Mr. Gordon. A close examination, however, would show that in essence they are the same, with all the disadvantages.

Canada Development Corporation

Mr. Gordon apparently had the idea that the CDC would sponsor and invest in large economic undertakings that would not pay returns for some years in many instances, but which presumably would benefit the country enormously. But the Minister of Finance (Mr. Benson) has stated that his corporation will be profit-oriented, and that the company will have a capitalization of \$2 billion which will be put up either directly or indirectly by the Canadian people. Also, it will have the option of acquiring ownership of some presently profitable Crown corporations.

Apparently, Mr. Gordon saw his CDC as acquiring a controlling or substantial interest in Canadian companies, especially those that might have been sold to foreigners or Canadian subsidiaries foreign companies. It is interesting to note that Mr. Gordon and Mr. Melvin Watkins, the arch prototype of the new Canadian neo-nationalism, are both from Toronto and both indicate that the Toronto business interests, with their Montreal and St. Lawrence Valley counterparts, look on their areas as being Canada. Neither one has ever bothered to appreciate the appendages added on by confederation on which they look as areas to be exploited for their benefit in the interests of Canada.

The Minister of Finance claims that his CDC will not aim at buying back companies that have been acquired by non-Canadians, nor will it become a buyer of last resort for companies that are for sale or may be taken over by non-residents. The minister has stated that the CDC will be entirely free of political interference. Yet, at the same time, he also says the government will always be the largest shareholder. One well may ask in all seriousness how can it be expected that there will be no political pressure exerted on the CDC?

Very recently in this very House there was an outcry against the sale of an old, established Canadian publishing company to U.S. interests. Had the CDC been in existence, would there not have been pressure on it to buy up this company to keep it Canadian, profitable or not? And if the CDC had resisted this pressure would it not have come under severe criticism? Its prime purpose, by its very nature, must be to pursue national policies; otherwise, it would have no relevance to the national scheme. It certainly will at all times be urged to invest in business that private enterprise cannot or will not support. How this can be reconciled with profit making must be answered.

Now, the great appeal of the nationalist thinkers, concerned with foreign ownership, is that the CDC, functioning as a buyer of last resort, would actually block the acquisition of control by outside capitalists. The CDC under the new proposal is to provide opportunities of investment for people of small means. It is hoped there will be a rush of people with their \$5 bills to invest and to secure a return on their savings. But if the CDC were to buy at the highest price for a political purpose, it would be much more likely to lose money than make it and, as well, the taxpayers, being large shareholders through the government, would lose also.