

Canada Development Corporation

particularly privy to the ideas of the former Minister of Finance, now Secretary of State for External Affairs (Mr. Sharp), or that he had been particularly privy to that former misguided Minister of Finance who is no longer here. In any event, it is amazing to read some of the ideas that were presented at that time, just five years ago, in respect of the Canada Development Corporation. Apparently Polymer was still to be a source of money at that time and the old 3 per cent limitation on holdings, as we note now in the bill, was then a feature. But I would like to know what made the government change its mind in regard to this feature in the present bill. This article reads in part:

The first and small board of directors of CDC would be appointed by the government from among the most unquestionably independent and successful industrialists and financiers it could get.

Oh, what a hope! I am referring to the first plan. The parliamentary secretary had better listen with greater interest than he apparently is now. The article goes on to state:

After the initial issue of CDC shares had been sold, the shareholders themselves would elect a board of directors of eight, of which the government would elect only one. If and when the board grew to 15 or more, the government would have the right to elect two of these, but no more, and never the chief executive.

Now, five years later, we have a different version. The chief executive will be a government appointee from the government service, if we are to understand the rumour and believe what we read. Shares were going to be sold right from the outset and the shareholders would elect the board of directors. There has been a complete reversal. The minister tells us that they are not going to sell shares to the public right away. The government is going to exercise the option to name four directors in lieu of voting of their shares, and name all the other directors.

The government's holdings may be 10 per cent in order to give the government necessary leverage. Of course, the holdings initially will be 100 per cent. There is one thing that I see is missing from the bill but which seems to have been at the root of the other plan. I should have thought the minister might have found this attractive. There was to have been a provision in this bill to prohibit the government from selling its shares over a short period of time, in other words, unloading a lot of its shares. The article continues:

Without such a provision, the CDC and the value of its shares would be under constant threat of being undermined, and the institution would not be fully protected against de facto government control.

I hope the minister has taken note of that, keeping in mind that if the corporation were to sell a lot of its shares it could thereby substantially decrease the value of public ownership. The de facto government control would exist as a result of the government suddenly unloading its shares. It could decrease the market value of those shares so as to hold the other shareholders at ransom.

I have many more questions and should like to devote more time to them. I should like to offer an alternative

[Mr. Lambert (Edmonton West).]

proposal, as my leader has done. Briefly, let me outline what I think might give greater hope to Canadians and to Canadian industry than will be given by the Canada Development Corporation. First of all, the government must obtain something like \$250 million in cash. It will have to sell bonds. All the money it passes over to the Canada Development Corporation will come out of the Consolidated Revenue Fund whether it be by loan or by purchase of shares in CDC. Governments get money by going to the market. They compete for individual holdings, go to institutional lenders or obtain moneys from chartered banks. The banks are able to buy these bonds and there is a question of what is the affect on inflation by the consequent increase in bank reserves. That is item No. 1.

● (9:10 p.m.)

Item No. 2 involves the question of competing with the individual investor. The net result is that if the investor puts his money into CDC shares as against putting it into other investments—equity investments in Canadian enterprise—there is no gain whatsoever for the country. I should like to see, first of all, an undertaking by the Minister of Finance that something very drastic will be done to lower our estate taxes. Secondly, I should like to see an undertaking by the Minister of Finance that he will arrange to meet with his counterparts in the provinces to do something about their share of estate and succession duties, because they too have a responsibility in this regard. Then let us look at the taxpayer himself to see, with regard to Canadian investment, whether there is nothing more that can be done for him.

The other night the Minister of Energy, Mines and Resources (Mr. Greene) gave us a clear look at the picture of Home Oil which showed that not only the Canadian individual taxpayer but the Canadian corporate taxpayer was in a position inferior to that of the United States taxpayer, whether corporate or individual, when it came to acquiring control of Home Oil or any other Canadian company, or when it came to carrying on activities of the kind carried on by Home Oil.

No wonder Canadian buyers are scarce when it comes to making a competitive offer. Canadians cannot even begin to match the United States offer because taxwise it is not possible for them to do so. Yet it is expected that Canadian investors, hobbled by an extra ball and chain on one ankle and possibly with an arm tied behind their back, will go into not a combat but a competition with United States investors for the development of Canadian resources and for Canadian companies. The struggle is totally unequal and we are now seeing the results of that inequality of position. Yet the government's idea for tax changes is likely to produce not one ball and chain but a ball and chain or the other leg and perhaps a rope around the second wrist to fetter the Canadian investor even more than he has been in the past.

We have been living in a fool's paradise based on what we thought was our economy and overloading it with a superstructure of government services which just could not be supported by the economy in that state of devel-