

*Canada Development Corporation*

Are they subject to market sharing arrangements imposed by the parent company and then restricted to the Canadian market? We do not really know. Guidelines are not enough.

• (4:10 p.m.)

One of the functions of the Canada Development Corporation, as I see it, would be to test the Canadian performance and orientation of subsidiaries in our economy by offering to join with them to go out competitively into world markets. In this way, we could find out whether they will go. If they will not, then we do have a case and we will have to deal with that particular case. We will have an instrument to do so in the Canada Development Corporation. This will be appropriate to our national interests. I think that is a function we ought to be stressing in this debate when we consider the role of the Canada Development Corporation. Let me say as well that there is a gap I see in the economic policy of Canada that can be filled to some extent by the Canada Development Corporation in relation to other policies and programs. I have in mind a small business philosophy, small business programs and a set of small business policies which we require in Canada. I do not think we really have approached this need in a systematic way.

What we frequently have in Canada are many small businesses which, having reached a certain stage in their development, find that they need management, that they need better marketing techniques, that they need kinds of financing that are not available in Canada. Very frequently, particularly in new technological areas, we have companies that proliferate. They emerge on the basis of small pieces of new technology. They have highly skilled people and develop new products which they can get into the market on a limited basis. The soon reach a stage where there is a severe temptation to sell out. Selling out in Canada often means selling out to companies which are based outside this country. In the end, what we are really doing is obliging many Canadians to go abroad to find opportunities to make use of their advanced scientific and technical knowledge in suitable businesses. These people go abroad in order to find the kind of business institutions based on sufficient technical skills and prospects to match their talents. Therefore, I think the Canada Development Corporation ought to have an orientation which includes support for small technically based businesses of promise.

This has often been referred to as a corporation which would be interested in large Canadian projects and in large enterprises, and I suspect that the emphasis on size is there to protect against being plagued with offers from limping businesses, or with pressures to buy businesses which are in trouble or difficulty. I think we have to grasp the potential for good effect on our economy of support for growing small technically based new companies. I say again, particularly with respect to the most advanced and technical fields, that many of these companies begin on a small scale, and build around some particular aspect of emerging technology. The Canada Development Corporation could at least hope to package up some of these corporations into larger management

[Mr. O'Connell.]

units, get them on a sound financial basis and oriented to markets larger than the Canadian market. This will frequently mean taking positions in small companies, helping them come together through mergers and combinations and encouraging them into external fields.

Naturally, the functions of the Canada Development Corporation will have to be related in this respect to the Combines Investigation Act or to competition policy in Canada. I trust that we will be able to so arrange our affairs in respect of combines and mergers that we will not be standing in the way of the coming together of many Canadian corporations so that bigger units may be formed in order to face the facts of economic life in the world economy. I want to stress my hope that the Canada Development Corporation will help us develop a small business program, particularly in the technical fields and related to opportunities in the world.

There is only one other point I might make at this time. We in Canada need an industrial or an economic policy of a kind that we have not yet put together. What we have are many pieces of a large picture. We have the PAIT program and we have a whole series of programs in the Department of Industry Trade and Commerce. We have our regional development programs and policies. We have our merger and competition policies, and now we have the Canada Development Corporation with some particular interest in developing Canadian enterprise. We have an emerging policy in respect of foreign take-overs and foreign investment. All of these are necessary elements of something more comprehensive.

What seems to be lacking, in this respect, and I agree with the hon. member for Etobicoke (Mr. Gillespie) who has expressed this a number of times in the House, is an over-all industrial policy into which these pieces will fit. Surely one of the main elements of that over-all policy would be something to help us select priority areas for the future. Should we be involved in electronics; perhaps we should. Should we focus on the communications industry; I think perhaps we should. Should we be involved in oceanology; we should, indeed, because we have coastlines and waterways with resources unmatched anywhere in the world. Should we be involved in the transportation field, the power field and in the nuclear field? I believe we should but we need a searching look at areas of probable competitive advantage to arrive at priorities.

What I mean by an industrial policy is the arrival at some kind of consensus that pulls together these kinds of fields we think hold the promise of life for future Canadian economic development. We would then concert the efforts of corporations like the Canada Development Corporation with combines policy and all other industrial policies. We will have to husband our resources very carefully and we will therefore have to adopt priorities and fit them into an over-all picture. We have to try to build again a kind of national economic policy of the stature of that which was created nearly one hundred years ago under Sir John A. Macdonald.

That policy known as the National Policy very simply set guidelines that helped to build up a Canadian nation.