



# Bulletin

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## CANADA DEVELOPMENT CORPORATION BEFORE PARLIAMENT

*A bill providing for the establishment of a large private corporation, the aim of which was stated to be that of helping to "develop and maintain strong Canadian-controlled and Canadian-managed corporations in the private sector," and "to provide greater opportunities for Canadians to invest and participate in the economic development of Canada", was introduced recently in the House of Commons by the Minister of Finance, Mr. E.J. Benson. A recent release from Mr. Benson's office has the following to say about the projected Canadian Development Corporation:*

The Corporation will help shape and secure future Canadian development. It will be a large-scale source of capital to create major new enterprise. It will join others in acquiring and rationalizing existing companies where competitiveness may be improved by merger, amalgamation or other corporate arrangements. In helping to bring about these changes it will reduce the risks of an undesirable degree of foreign control of the enterprises concerned. Its activity will involve close relationships with the business and financial community.

The CDC arrives at a time when large international companies are playing an important and ex-

panding role in the economic development of many countries, and when Canadian companies must be able to compete at home and abroad by combining management and technical skills with financial size and strength.

Able and experienced entrepreneurs will direct the Corporation's operations to areas of critical importance in economic development - to high-technology industry, to resource utilization, to northern-oriented companies and to industries where Canada has a special competitive advantage.

The CDC will assume significant equity positions, generally more than \$1 million, with its investments. Whether its investments are made independently or in concert with other corporations, they will aim at ensuring Canadian control. Generally, the CDC will not seek to exercise direct operating control of the corporations in which it invests and they will therefore not normally become CDC subsidiaries.

It is a principal objective to have CDC shares widely held. Shares will be sold to the public in competition with all other investment vehicles, and the bill specifically directs the CDC to invest for profit in the best interest of the shareholders. The CDC will act in the broad area in which the national interest and the profit motive are compatible. The CDC will seek to develop balance and diversity in its holdings....

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### RELATIONSHIP WITH GOVERNMENT

The Government will initially hold all the shares issued.

Government purchase or underwriting of CDC shares may not exceed \$250 million, apart from shares or securities received in exchange for the sale of Crown companies to the CDC.

The Government will make available the \$250 million in equity capital to the Corporation during the first three years, limiting its obligation to \$100 million in the first year and \$75 million in each of the next two years.

The Government will also have authority to lend \$100 million to the Corporation.