

*Canada Development Corporation*

They suggest that there should be recommended fields of study to determine what should be done and what is being done at the present time. In the six points which they make, they deal with the gaps in the financial structure. I quote:

- (i) Study the preconditions for sustained and successful use of venture capital in the structural development of an economy.
- (ii) Possible extension of the foregoing study to cover the role of venture capital in capital export for aid and development (precluded by CDC legislation as now drafted).

That refers to the CDC legislation as it was then drafted.

- (iii) Study of the present role of the investment company in the Canadian economy; the achievements and problems of Argus, Power Corporation, GIC, Charterhouse, etc.

- (iv) Assessment of the present gaps in financing and developmental enterprise which a CDC can fill.

- (v) Assessment of the potential impact of a CDC upon the magnitudes and patterns of savings and investment flows within the Canadian capital market.

- (vi) Extension of the foregoing study to cover flows of capital into and out of Canada.

Essentially, we are dealing with the problem placed before us by Canadians and Canadian institutions, namely, to determine whether or not we are dealing successfully with the situation by having the CDC.

I wish to read two more quotations from people whose views bolster the point which I have just made. The first is from Ervin John Doak, Ph.D., of the department of economics at Saint Mary's University, Halifax. This is a quotation from comments made on the program "Viewpoint":

—I suggest that the bill presented to Parliament last month to establish the CDC is far too vague to come into law, that it should be improved, first, by establishing explicit goals for the institution, second, by developing explicit criteria for appraising its operations and, third, by establishing procedures that will lead to constant appraisal of its operations.

My fifth and final point is whether Parliament and the public servants of Canada will be able to run an operation as diverse as the CDC should be. In this respect, I quote from the brief submitted by Lafferty, Harwood & Partners Ltd., members of the Montreal and Philadelphia-Baltimore-Washington Stock Exchanges, 110 Beaver Hall Hill, Montreal. This is one of the most interesting submissions which the committee received. This brief quotes from the book "Human Action" by Ludwig von Mises, published by the Yale University Press. The role of the entrepreneur is discussed at page 867 of his treatise. I quote:

Entrepreneurial judgment is one of those things that cannot be bought on the market. The entrepreneurial idea that carries on and brings profit is precisely that idea which did not occur to the majority. It is not correct foresight as such that yields profits, but foresight better than that of the rest. The prize goes only to those dissenters who do not let themselves be misled by the errors accepted by the multitude. What makes profits emerge is the provision for future needs for which others have neglected to make adequate provision.

Before I read the final quotation, I suggest if one looked at the figures of history he would see how well that sort of concept would fit all of them. I quote:

There are no true entrepreneurs in the civil service because they would be frustrated by an environment that necessarily has to respond to a regulated pattern and system.

[Mr. McCleave.]

• (2:50 p.m.)

We surmise there are not true entrepreneurs in the House of Commons—

Imagine that, Mr. Speaker.

—because the entrepreneur does not have the temperament or attitude to work collectively on legislation or matters of broad public interest.

The concept of the Canada Development Corporation on paper is very rational in terms of engineering and planning concepts. However, if you examine carefully the different organizations which have been set up by provincial governments to directly intervene in the economy to foster industrial development, you will see that the entrepreneur has moved against these organizations because it is a natural action for him to take. He knows that they cannot respond to the changing environment and therefore they provide him with a means of offsetting his risks. Once he recognizes the motivating characteristics he will anticipate their future moves and derive the benefits from so doing.

So, Mr. Speaker, for these five reasons I must say I shall have to oppose the philosophical concept of the Canada Development Corporation as it is now presented to us, and I shall vote against the bill accordingly.

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some hon. Members:** Question.

**Mr. Deputy Speaker:** In accordance with the special order made on Friday, I will put the third motion, that which stands in the name of the hon. member for Waterloo (Mr. Saltsman).

All those in favour of the said motion will please say yea.

**Some hon. Members:** Yea.

**Mr. Deputy Speaker:** All those opposed will please say nay.

**Some hon. Members:** Nay.

**Mr. Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**Mr. Deputy Speaker:** Pursuant to section 11 of Standing Order 75 a recorded division on the proposed motions, group 2, stands deferred. Motions Nos. 4 and 5 stand deferred with motion No. 3.

In accordance with the special order to which I have referred I will now put together, for the purpose of debate, motions Nos. 6 and 7.

**Mrs. MacInnis (for Mr. Burton) moved:**

That Bill C-219, An Act to establish the Canada Development Corporation, be amended by adding subclause (2) to Clause 12 as follows:

"(2) Directors shall be appointed with regard to providing an adequate representation of different interests in Canadian society including labour and consumers."

**Mrs. MacInnis (for Mr. Burton) moved:**

That Bill C-219, An Act to establish the Canada Development Corporation, be amended by deleting from subclause (3) of Clause 12 line 12 and substituting the following:

"All members of"