

to me this sentence indicates quite clearly that the corporation is simply going to react to proposals and plans presented by others, to say "This is a good idea and that is not such a good idea." This leaves a great deal to be desired and I shall elaborate on it in a few moments if some hon. members opposite will just have patience.

We have to take account of the fact that the Canada Development Corporation will only have a very small percentage of public equity. The figure of 10 per cent has been mentioned. I see this as one of the problems for this corporation, Mr. Speaker, the small percentage of public participation. By "public" I mean through the hands of the government which, after all, has final responsibility for the over-all direction and development of the economy.

The minister stated that the management of the corporation will at all times be fully aware of the need to earn a competitive rate of return on invested capital fully commensurate with the risks involved. He also stated:

The CDC cannot and must not be expected to make investments which do not meet its criteria for profitability. The national interest and the profit motive are not always compatible, but there is a broad area over which they are or can be in harmony.

• (2:30 p.m.)

With the latter statement I have no quarrel. There can be times, and there will be times, when those two objectives and those two interests can be harmonized. It seems to me, however, that at other times there will be some very difficult and serious conflicts of interest. Mr. Speaker, what is the situation with respect to one of the corporations which it is proposed to have taken over by Canada Development Corporation, namely, Panarctic Oils. A considerable amount of federal money has been placed into the Panarctic Oils operation, and for good reason. I think it is a wise, public investment. However, for the present and for some considerable time in the future, I suggest that it will not be a profitable venture. Actually, in terms of the profit considerations which will apply to this corporation, it would be impossible to establish a Canada Development Corporation which had a major interest in Panarctic Oils and, thereby, give to the latter the type of protection that is needed in the best long run interests of Canada.

It seems to me we must recognize that there is a very real problem when we look at Canada Development Corporation from the viewpoint of profit on the one hand, while, on the other hand, we are concerned about the public interest. At times these interests are compatible. But I am sure it will be recognized by all concerned that there may be times when a Canada Development Corporation, properly structured in the form of a Crown corporation as is proposed in the amendment moved by my colleague the hon. member for Waterloo (Mr. Saltsman), would consider working either by itself or in conjunction with other agencies, which might be provincial governments, local community organizations, local governments or, in some cases, even private interests, on projects which might be in the best interest of the corporation or in the best interests of Canada, to develop an

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enterprise which would not produce a return in the form of dividends to shareholders but which, from the viewpoint of the benefits to the Canadian people, would certainly be a worthwhile venture. It seems to me it is recognized in many quarters that we must go beyond the old profit and loss approach, which is really what is involved when one looks at the balance sheet of any corporation. One must look at it from the wider standpoint of the total costs involved and of the total benefits involved, if we are to see wise decision making in future. As well, it seems to me, Mr. Speaker, that we must keep in mind the very great difficulties which are involved in terms of the constitutional structure that we have in Canada. We, after all, are a federal state and there are difficulties in carrying on any type of central, co-ordinating planning of the economy at the federal level, because of the divided jurisdiction which exists in Canada.

After all, Mr. Speaker, the provinces, and very rightly so, have their own interests to consider. They have their own responsibilities. This is the structure which has been laid down for us in the constitution, a great portion of which will remain, despite any amendments which may eventually be made to the constitution. It seems to me that a properly constructed Canada Development Corporation could play a very important role in terms of giving the federal government the type of tool that it needs to direct the course of the development of the economy, and to ensure that this will be of benefit to the Canadian people.

It seems to me that other problems must be taken into account as well. I have already noted that the Canada Development Corporation, as it is proposed, is based on the profit motive; that is a prime goal, as admitted and stated by the Minister of Finance. It seems to me that it is structured on this basis and, certainly, that will be a very great impediment from the start. Second, the Corporation will not be responsible to the government or to Parliament. Third, we shall have a sell-out of certain corporations to private investors. That, really, is what will be involved. This will create some very real problems. Some of these Crown corporations, such as Polymer, Eldorado, and the Northern Transportation Company, have been very profitable. Actually, they have produced a good rate of return on the original investment, and I am very happy that they have done so. Possibly, they will continue to do so in future, but that may not necessarily be the case. It may be that at some time in the future one or other of these corporations will need, for the sake of the public interest to carry on their operations in a way which may be designed to meet their costs, but no more than that. Such a corporation may even have to be subsidized because of certain considerations affecting the public interest. The fact that Canada Development Corporation is to be controlled as a private corporation, with the government retaining only about a 10 per cent interest, will pose a very great problem, especially if the corporation is to do the job conceived for it.

It seems to me that there is one other aspect of the considerations involving Canada Development Corporation that hon. members ought to consider today. For