

foreign securities will be very attractive indeed. If we are able to repatriate a considerable proportion of the capital we now invest in foreign securities, the benefits to Canadian development will be very important.

• (4:00 p.m.)

Now, I would like to deal with the approach of the New Democratic Party to this question as expressed yesterday on behalf of his party by the hon. member for Waterloo (Mr. Saltsman). The hon. member made it very clear that what the NDP envisages is a government corporation which would own and control business operations in much the same way as the provincial government in Saskatchewan did when the present leader of the New Democratic Party in this House was premier of that province.

Several years ago my right hon. friend from Prince Albert outlined to the House the history of the 13 companies which the provincial government of Saskatchewan took over and operated soon after the late CCF government took office. He stated in detail the number of months which each lasted before it folded up, and the losses incurred in each case. The story is one which must not be repeated on the federal scene and is ample warning against adopting the straight socialist proposal put forward by the NDP yesterday.

In conclusion, Mr. Speaker, I urge the Minister of Finance to answer the three questions I have put to him, questions which the government must answer before we are able to judge this proposal in a constructive way. I also urge him to prepare to announce in his budget that the capital gains tax charged on Canadian securities will be only 50 per cent of that charged on investment in other countries, so that hundreds of millions of dollars which we invest each year in foreign securities may be returned to Canada to finance new development in this country.

**Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion):** Mr. Speaker, it gives me a great deal of pleasure to take part in the debate on the second reading of the Canada Development Corporation bill. I think my first words should be "at long last it is here".

This is a proposal of great promise, and one which a great Canadian who sat for a number of years in this House, Mr. Walter Gordon, first promoted in a major way. That was in 1963 and subsequent years. Many features in the measure now before us reflect features of the earlier bill which he promoted. This is particularly true with regard to the point made in the legislation now advanced by the Minister of Finance (Mr. Benson)—that the corporation's operations are to be founded on sound financial principles, reconciled with the national interest, and that Canadian taxpayers will participate in the benefits of dividends received through the corporation.

I am particularly pleased, having been a supporter of Mr. Gordon in this respect for a number of years, to be able to stand in the House of Commons and express my full support for the Canada Development Corporation as proposed by the present Minister of Finance. It is appro-

#### *Canada Development Corporation*

priate that this corporation should concentrate in areas where Canadian ownership is not likely to come naturally. This gives the corporation very wide scope. The Canadian economy is already penetrated to such an extent by foreign ownership and control that it is extremely difficult, particularly in newer, technically-based industries, to expect Canadian business institutions to possess sufficient financial and research capabilities as would enable them to claim a full role. There is, therefore, a need for institutions based in the public sector to associate with privately-owned industries. There is every reason to require that where a public corporation expects to "go joint account" with business corporations in the private sector it should be governed by the profit motive. In doing so, of course, the profit motive must be reconciled with the national interest—this is laid down in the bill—and with the guidelines which Parliament, in debates of the kind we are conducting this afternoon, will be giving to the corporation.

I am particularly happy that the corporation is not to seek operational control except in cases where it initiates and carries out the entrepreneurial function itself. In the normal course of events, one would expect to find this corporation linking itself to the business enterprises of Canadian corporations and, indeed, of foreign corporations in joint ventures. In these circumstances it needs to exercise its influence to see that the national interest is in fact being observed in the pursuit of profit, even though it does not exert over-all management control. I am happy to note the observation of the Minister of Finance that the entrepreneurial function will be, for the most part, discharged by others but that it will, if necessary, be discharged by the corporation.

Another important role to be expected of this corporation is that which relates to the international field. I do not believe we can over-emphasize the importance of launching this development corporation into the world. One of the weaknesses in our economy is the fact that many of our companies confine their operations to the domestic market. Indeed, many of them come to Canada in the first place to surmount a tariff barrier or with the intention of producing solely for the domestic market. We need a corporation which is concerned with rationalizing Canadian units of production and forming them, when this is desirable, into larger corporate structures. More important still, such a corporation should be taking them out into the world economy, into the international market. It would be well to lay great stress on this aspect of the corporation's activities. The CDC could play an extremely important role in the international field by testing the Canadian orientation of some of the subsidiaries of United States companies which operate in Canada, making it clear whether they were operating solely as branch plants or as corporations with some degree of autonomy. If these subsidiaries of foreign parents operating in Canada really have a Canadian orientation at heart and if they have the autonomy to operate in world markets, then are they in fact operating in Brazil, Portugal, France, Europe and other countries of the world? Perhaps they really are here to operate only in Canada?