

*Canada Development Corporation*

province and in the neighbouring province of British Columbia. The aim is 40 million tons of coal to be shipped to Japan. There will be very little Canadian capital involved in that development. The project in British Columbia is financed by American capital. The one at Grande Cache is operated by a company controlled by Americans and extensively financed by the Japanese. The Japanese hope to put more money into this project in order to guarantee the quantity of coal that is required. The alternative would have been no development whatsoever. Thousands of jobs would have been lost. There would have been hundreds of millions of dollars a year less in our international trade. The alternative to foreign investment is to let the resource lay fallow. If Canada had denied these opportunities to foreign steel companies, they would have gone to other nations. There are competing sources of coal, iron ore, many other metals, oil, gas and other developments. Other nations would be more hospitable, and Canada would lose.

● (8:40 p.m.)

How is the Canada Development Corporation going to invest its funds? Even the Quebec general investment fund was not fully invested several years after it was established. That was a relatively small fund with apparently a great field for opportunity. It is only a fraction of the size of the CDC but already its record does not inspire confidence in this type of operation. A friend of mine, a highly placed executive in a major Canadian company, wrote to me the other day with regard to the CDC. I quote from his letter:

"Mr Benson stressed that the CDC will be a source of large amounts of capital to create major new industries and to join with other companies in acquiring and rationalizing existing companies where competitiveness may be improved by merger, amalgamation and other corporate arrangements."

I can't believe that the CDC board of directors is going to be any more able than the composite management of the present large companies to unearth these vast unexploited opportunities—

What sort of magic wand will the board of directors of the CDC be able to wave which will give it greater knowledge and understanding of investment opportunities in Canada than existing management? The only way this can be done is if they intend to rationalize existing companies. If rationalizing existing companies means mergers, amalgamations, etc., as indicated by the minister, there is something further the minister has not told us which is an absolute must. If he intends that to be a rational objective of the CDC, he has only gone half way. He has not told this House and the country that he and his colleague, the Minister of Consumer and Corporate Affairs (Mr. Basford), are planning wide-sweeping changes to the Combines Investigation Act.

If there are to be mergers, amalgamations and rationalizations, what about the risks from a combines investigation? I see that the parliamentary secretary is taking notes. This is a real problem. I hope that the minister or the parliamentary secretary come up with a logical answer, because it is a very dangerous problem in Canada for anyone to undertake a major reorganization and merger and then run into the problems of a com-

[Mr. Lambert (Edmonton West).]

biner investigation and possibly an order from the court to dissolve the merger and amalgamation. The CDC would look rather silly if it entered into some sort of policy to provide the funds for a merger and the court declared it to be illegal.

I now wish to deal briefly with foreign ownership. The minister has indicated that this might be an answer or part of the answer to the encroachment of foreign ownership in Canada. It was designed to maintain a strong, continuing Canadian control of companies. I suggest that a development corporation is a poor remedy. The very movement of capital both across frontiers and domestically should not be hindered by any government-sponsored pool of capital. The Minister of Finance (Mr. Benson) is confident that competent management would not make unrealistic bids to counter offers from foreign sources. I just wonder about that.

I am going to stop at that point because the minister has indicated that this corporation will not be a buyer of last resort. If there were in existence today a Canadian Development Corporation, how realistic would it be to think that the directors of that corporation would resist political pressure both from the public and the government with regard to Ryerson Press, Home Oil or a similar type operation that catches the public imagination or eye? This is a climate of inspired nationalism. I have listened to people who have become self-appointed experts in the media on the nature of the Canadian economy. They spend their time beating their Canadian chests to some sort of tribal chant about how wrong it is to receive American money. At the same time, many of them derive their livelihood, without protest, from the same source of capital investment.

● (8:50 p.m.)

What would happen if there were unrealistic offers from abroad or promoted sales within Canada? Let me assure you, Mr. Speaker, that in no time at all several members of this House could devise half a dozen to a dozen easy ways of puffing up a potential sale to foreign interests so we could then come crying to the public and asking to be saved. We would say to the CDC, "Be our saviour. Save our Canadian national identity for three, four or five greasy dollars". Because that is what they would be. After all, the puffery of the situation would only be accentuated by the emotional plea that may be made.

Frankly, I am amazed that people accept with an incomprehensible naïvety what a CDC could or might do and what it would be very hard for it to avoid doing. For a foreign company with competent management, worldwide outlets and unused facilities, the benefits of amalgamation could justify a far higher price than any CDC should pay. For instance, what would the CDC do with a national beer company? The advantages of a Canadian outlet to a United States company are evident. The closing down of duplicate facilities by combining production and sales forces, and I suppose reducing advertising budgets, are easily apparent advantages and we have seen this sort of thing happening.