

Canada Development Corporation

● (3:30 p.m.)

Mr. Speaker, the Canada Development Corporation will provide a unique, important, major new financial institution in Canada. The need for it is recognized by most Canadians, the government is confident that the concept is right and that the kind of people necessary to make it work will be very readily available just as soon as Parliament creates the corporation.

Mr. Max Saltzman (Waterloo): Mr. Speaker, I listened with considerable interest to the parliamentary secretary as he spoke about development organizations in other countries. There is one point on which I agree with the parliamentary secretary, that every country has unique problems and therefore tends to develop corporations to take those problems into account. No one suggests for a moment that the problems of Australia, South Africa or Mexico are the problems of Canada. If we look at other development corporations we find that in some ways they were organized to deal effectively with the problems in their particular countries.

Our criticism of this legislation is that the Canada Development Corporation is not designed to take into account the problems of Canada. We are not saying that the CDC should be organized like the others; we are saying that in fact it will not deal adequately with the problems which exist in Canada. The only problem it would seem to deal with—the parliamentary secretary referred to this—relates to the fact that savings will be available for investment opportunities and the government will satisfy the desire of Canadian investors to have a place in which to put their money. It would seem that the government is going to take the corporations which are now Crown corporations, owned by the people of Canada, and give them to the CDC to satisfy this investment urge. This is a pretty shoddy kind of objective for a development corporation. One would think that is the only problem facing Canada. If it were, perhaps the CDC would make some sense.

The greatest problem facing this country, as far as investment and development are concerned, is the high proportion of foreign ownership. Yet the terms of reference of the CDC say it is not there to buy back control of Canadian companies or to deal with the problems of foreign ownership which the government says it will try to deal with in some other way. So it would appear that the CDC is not set up to deal with the problems we face.

Another problem is that of industrial inefficiency. I see the Minister of Industry, Trade and Commerce (Mr. Pepin) turning a rather baleful but, as always, friendly eye in my direction as if he wonders what I am going to say next. The minister knows as well as I do that we have one of the most inefficient industrial structures in the world. We have infinitely more capital at the disposal of our workers, but we are 30 per cent less efficient than the United States. The inefficiency arises, not because Canadians do not work as hard or because there are not enough brains here but from what is essentially a bad industrial structure through less specialized plants. The branch plant approach of the Canadian economy, with tariffs and the desire of American international corpora-

tions to locate here, has forced upon us an industrial structure that is not suitable to our economy nor our population.

In many speeches both inside and outside this House the Minister of Industry, Trade and Commerce has pointed out the difficulties facing Canada in terms of rationalization of the chemical industry, the rubber industry, the white goods industry and many others. These are industries with heavy investment from foreign corporations; almost every one is characterized by foreign ownership. That is one of the great problems that we have in Canada.

Mr. Pepin: Not necessarily.

Mr. Saltzman: No, not necessarily; but I will come to that later. The point is that with the exception of the resource-based industries—which is a horse of another colour—most of the industries characterized by this inefficiency are essentially foreign-owned. If we believe that this is a problem, and I think the minister admits that it is, how are we to correct it?

One statement made in connection with the CDC is that when it is set up it will be in the business of forming new companies either through mergers of existing ones or starting from scratch. One of the few successes in this approach has been the British approach to rationalization because it has not attempted to get public investment participation. In order to accomplish such mergers you must have a very free hand, enormous flexibility, and not have to answer to the stock market or the investors in the corporation. If you have to answer to the profit motive, you cannot carry out your purpose.

This is an area that is crying for attention in Canada, an area which is acknowledged to be difficult by the Minister of Finance (Mr. Benson) and others. Yet the corporation set up to tackle this problem will not be able to do it unless the national interest and the profit interest coincide. There may be a situation where a merger could be put through to provide the kind of profitability called for by this bill, but it is not possible in the majority of cases. To limit the activities of the Canada Development Corporation in such a critical area is foolhardy and is an enormous disadvantage to this country.

The hon. member for Mercier (Mr. Boulanger) interjected earlier in this debate. He is not in the House now. I wish he were because I have something to say to him. I have known him for a long time and I am very fond of him. We served together on the Standing Committee on Transportation and Communications and in the course of its hearings we toured western Canada together. I have a great deal of respect for him, but he interjected in the most inane way in this debate when he asked, "What will we do without foreign ownership?" Mr. Speaker, that is typical of the thinking of people on the other side of the House—reasonable, intelligent people in some cases and I think even reasonably well-intentioned people. They have been brainwashed by their own silly philosophy and actually believe that we cannot exist without foreign capital, despite all the evidence to the contrary.

On one occasion when making a speech out west even the former Prime Minister, Mr. Pearson, said that if

[Mr. Mahoney.]