

*Canada Development Corporation*

The Minister of Finance (Mr. Benson) will have a parade of Liberal members into his office, each telling him that if these requests are not catered to, the member in question will be defeated in the next election. A turn-down by the minister will lead to an appeal to the national director of the party, who will appeal to the Prime Minister (Mr. Trudeau) on behalf of the member. There is a great likelihood that many of these requests for CDC financing will be met, particularly in ridings that were won by a small majority in the last election.

The result will, of course, be that a great deal of the money which should go into new development will be diverted into bolstering up operations which have been allowed to run down due to obsolescence of product or plant, or for other reasons. If this is allowed to happen, the whole purpose of the CDC will have been destroyed.

**Mr. Mahoney:** On a point of order, Mr. Speaker. The hon. member appears to have allowed a Progressive Conservative manual to slip into his notes.

**Mr. Speaker:** Order, please.

**Mr. Hees:** As the hon. member knows, that is not a point of order. I was speaking from experience in this House. For 20 years I have seen the Liberal party work off the simple principle of the pork barrel. The member for Calgary South (Mr. Mahoney) is very familiar indeed with that procedure.

**Some hon. Members:** Hear hear!

**Mr. Hees:** As I was saying before I was so rudely interrupted, Mr. Speaker, the success or failure of the CDC will depend on how the government operates it from the start. It is now up to the minister to tell this House three things: first, how the government intends to offer shares in the corporation so that the public will be persuaded to invest in it; second give a positive assurance that the CDC will not be used to buy back companies which appear to be likely to fall into foreign hands, except where it can be clearly demonstrated that such a company under foreign ownership would be detrimental to the industry or sovereignty of the country.

**Mr. Francis:** Will the hon. member permit a question?

**Mr. Speaker:** Order, please. I understand the hon. member is seeking the floor for the purpose of asking a question. This can only be done if the hon. member who has the floor at the present time will allow a question.

**Mr. Hees:** Agreed.

**Mr. Francis:** I would like to know if the speech from which the hon. member is reading is the same one printed in this morning's *Globe and Mail* as having been delivered in this House yesterday. It reads: "There is a great likelihood—"

**Mr. Speaker:** Order, please.

**Mr. Hees:** Mr. Speaker, it is gratifying to learn of the great interest which all Liberal members have shown in the speech that was delivered to the press yesterday by

[Mr. Hees.]

myself and marked "To be held for delivery in the House of Commons" and which by some chance appeared in this morning's *Globe and Mail*. It is interesting to learn that the Liberal members all seem to have read this very excellent speech with a great deal of interest. It has been quoted to me today by innumerable Members of Parliament. I wish to advise them that neither I nor other members of the opposition bother reading the trash which is produced on the other side of the House.

**Mr. Speaker:** Order, please.

**Mr. Hees:** It is interesting to see that they are so interested in what we—

**Mr. Speaker:** Order, please. Perhaps the hon. member who has the floor has been diverted for a moment from the main thrust of his speech. Perhaps we may now return to the bill before the House.

**Mr. Côté (Longueuil):** We already read it.

**Mr. Laing:** Throw it in the hopper.

**An hon. Member:** Why not table it?

**Mr. Hees:** I am very flattered to know that all hon. members are sitting up, looking up and listening intently. I hope that for once they are learning something about the economy of this country. I am very glad to be able to carry on this lesson which I am giving to them and which they seem to be receiving very well indeed.

Again, Mr. Speaker, as I was saying before I was so rudely interrupted, the third thing that the Minister of Finance must do is advise the House of the criteria on which CDC financing will be decided. This is very important indeed. Until the answers to these questions are known, it will be impossible for members of this House to make a conscientious and sensible decision on the bill before us.

If the government is really sincere in its expressed wish to increase Canadian ownership and control of this country's development, it can take a very simple step to bring back to Canada and make available for promoting new ventures, a large proportion of the half billion dollars a year which we, as individuals and as corporations, invest each year in other countries. The government can do this if the Minister of Finance, when he introduces the capital gains tax which he has made clear he intends to introduce in the budget this spring, will announce that the tax on capital gains which are realized by investment in Canadian common stocks will be only 50 per cent of the tax on capital gains realized by investment in foreign securities.

I am convinced that such a move will be far more successful in persuading Canadians to invest in Canadian securities than has been the special treatment given to dividends from Canadian common stocks. The reason is that those who invest in common stocks are generally more interested in capital gains than they are in dividends, and the fact that the tax they will pay on capital gains realized from Canadian securities will be only 50 per cent of what they will pay on those realized from