

Canada Development Corporation

of the bill and at the present time there are three motions before us for consideration. I might refer to them very quickly. The effect of motion No. 3 would be to change the objectives of the company in the respect that it:

shall be carried out in anticipation of profit and in the best interests of the shareholders as a whole.

The amended clause would read:

and shall be carried out in the best interests of the people of Canada.

The next motion would delete the subclause setting out the objectives of the company which as it stands now has the effect of requiring an investment of at least \$1 million or more. The third motion before the House would change the word "company" to "Canadian nation". While the latitude allowed is fairly wide, I know the hon. member will keep this in mind.

Mr. McCleave: Mr. Speaker, I thought that my remarks were directed toward the question of whether the objective of the Canada Development Corporation should be profitability and I was dealing with that particular point. If I have misread the three amendments, I have no recourse but to halt my speech right on the spot but it is the one speech I had planned on making. This speech will seek to deal with the question of whether this particular conglomerate Crown corporation, if I may use that expression, is to be profitable or not. I invite Your Honour's direction. If I am not to question the profitability of the corporation or the motives that will lead people to invest in the corporation, I will not say anymore. I am trying to do what I gather my friends to the left were trying to do, question the matter of the profitability of the corporation. That is not the point that should be relevant when considering a corporation of this type. If I am wrong in that, then my speech is over. If I am not wrong, may I quickly come to my first point. Studies suggest that merely because you become larger as a corporation does not mean that you are apt to become more successful.

● (2:30 p.m.)

My second point concerns voting privileges attaching to private shareholders who will venture with the government of Canada and Canada Development Corporation. In this regard, may I quote from the evidence given by the Minister of Finance (Mr. Benson) on May 4, to be found at page 29 of Issue No. 38 of Minutes of Proceedings and Evidence of the Standing Committee on Finance, Trade and Economic Affairs. The hon. member for Etobicoke (Mr. Gillespie) asked him whether a 10 per cent government holding would result in effective control. The minister replied:

That is a matter of how one mobilizes the votes. One is in a fairly tenuous position controlling a corporation on 10%, if there really is dissatisfaction with the way the corporation is running. So long as a corporation is running well it might be possible to control a corporation as vast as this on 10%, but if the corporation is messing things up then it is much more difficult, because the other shareholders will mobilize or somebody will mobilize them.

[Mr. Deputy Speaker.]

Paragraph (2)(i) of Schedule I of the amended bill as reported by the Standing on Finance, Trade and Economic Affairs reads:

both shareholders are parties to an agreement or arrangement, a purpose of which, in the opinion of the Board of Directors, is to require the shareholders to act in concert with respect to their interests in the company;

The preamble to that subparagraph reads:

For the purposes of these statutory conditions, a shareholder is, except as provided by section 5 of these statutory conditions, deemed to be associated with another shareholder—

I am saying, Sir, since we could not get satisfactory evidence about what the words "act in concert" mean when we were dealing with the problem before the Standing Committee on Finance, Trade and Economic Affairs, that we were left up in the air, so to speak. I am afraid, and I think other members of the committee are also afraid, that if shares are sold to the public and any two major shareholders were to go to a meeting and suggest that they were going to question the appointment of directors, the appointment of a president, the appointment of a managing director or of anybody who is really supposed to make the corporation work, they could be met with the objection from the very person they were trying to judge that they were acting in concert. He could say to them, "Aha, you people are acting in concert. You have come here with one particular purpose in mind, and therefore you are out." They would be out of order according to the wording of the schedule.

I do not think anybody would want to associate himself with an enterprise into which he had put money if it were possible for him to be met with that kind of objection. It would not do for people who might raise any objection at all, whether it is valid or not is not material to this argument, to be told that they are out of order because they are acting in concert. For instance, people might raise objections in three specific areas: that they do not like the colour of the chairman's eyes, that they do not like the balance sheet and that they do not like the choice of office boy. Then, because they would be acting in concert on those particular points they would be out of order. I am making that point simply and humbly. The Canadian Chamber of Commerce emphasized it even more, as is indicated by a reference to page 3 of their submission.

Under the heading "Marketability Of Shares" the Canadian Chamber of Commerce submission reads:

Successful public distribution of CDC shares, in the Chamber's view, will depend largely on minimizing the special provisions and restrictions that relate to these shares. It is maintained that provisions of the Bill relating to the acquisition, holding, voting,—

And that word ought to be spelled in capital letters.

—transfer and redemption of shares may constitute insurmountable impediments to satisfactory marketability.

That, Mr. Speaker, is exactly what I think will happen. There will not be so much an abhorrence as a great reluctance on the part of the public to invest in CDC shares, especially when they realize that the government has weighted everything in its favour in this bill. I think