

Through the CDC, Canadian entrepreneurs, investors and managers may significantly influence the future development of Canada for their benefit and the benefit of all Canadians. I was indeed gratified to have the confirmation of the hon. member for Waterloo (Mr. Saltsman) that in fact a great deal of Canadian capital exists and is waiting for good investment opportunities. The CDC will surely be one of those.

Some critics of the CDC concept believe that any government participation in the corporation will be synonymous with interference in its operation. The best protection against such interference is a strong and independent board of directors chosen from the private sector. The bill explicitly contemplates their independence. I am confident that as soon as the CDC is incorporated a strong board will be readily formed and will assert its independence.

Initially, Mr. Speaker, the government will be the sole shareholder, and it will always be the largest single shareholder. Because of the significant role that the corporation has been given by its purposes and objects, the government will want to show a continuing interest in it and it is expected that the government will always want to hold at least 10 per cent of the voting shares. It is also likely that the government will always have some elected or appointed directors on the board. Thus, it will always be in a position to exercise the degree of influence on the over-all policies of the corporation appropriate to its shareholding. However, to underscore the importance that the government attaches to achieving the maximum possible degree of ownership of the CDC by the Canadian public, the corporation will have the right to reduce the government's holding of voting shares down to 10 per cent.

As I mentioned previously, the government recognized the merit of suggestions brought forward at the committee hearings and through other channels and certain amendments were introduced during the committee's clause by clause study of the bill. For example, clause 16 of the bill, which deals with eligibility and declaration requirements of shareholders to ensure that voting shares would be held only by Canadian citizens or residents and that the shares would be widely distributed, was amended to provide greater ease of sale and transfer of shares among the public. The Canadian Chamber of Commerce and the Investment Dealers' Association of Canada in their briefs called attention to the need to ensure that these shares would be readily traded.

Legislation now before the House in Bill C-193, an act to amend the Northern Canada Power Commission Act, proposes that the commission's rate structure should only produce a revenue which is sufficient to meet expenses and maintain a contingency reserve fund. The commission will, therefore, not have a profit orientation and will not be a suitable investment for the CDC. Reference to the Northern Canada Power Commission has therefore been deleted from clause 39 of the bill.

Paragraph 2 of schedule II of the bill was revised to provide for quarterly net asset valuation rather than

Canada Development Corporation

daily valuation as originally proposed. It had been pointed out that daily asset valuation would be an unnecessarily onerous task for the corporation. On the other hand, quarterly valuation of the corporation's assets is in keeping with good disclosure practice. Other amendments moved in committee tidied up clauses to help ensure their clarity, and yet others take into account amendments to the Canada Corporations Act which came into effect on March 31. The government appreciates the effort and concern that went into the preparation of the briefs submitted to the committee, as well as the contribution of the committee members in improving the bill.

Reference was made in the debate today to institutions in other countries which some hon. members deem to be parallel to the CDC. Just as every Canadian and certainly every Canadian political party has its own vision or lack of vision, as the case may be, in respect of the CDC, so every country has its own particular needs in its own financial institutions. One that was mentioned was the Italian body, the Institute for Industrial Reconstruction. That was a body created to restore bank liquidity. Italian industry had been heavily financed by bank loans, and when the industrial recession of the mid-1920s hit Europe bank liquidity was badly impaired and accordingly the Italian government constituted the Institute for Industrial Reconstruction, which really performed the functions of long-term lending institutions that were lacking in Italy and that had hitherto been performed by the commercial banks.

Similarly, in Japan the origin of the Japan Development Bank lies in the reconstruction period immediately after the last war when long-term credit was needed to rebuild heavy industry in that country. Today, the Japanese Development Bank still concentrates in the area of heavy industrial development and does not perform a function parallel to that conceived for the CDC. Another one mentioned in the debate was the Australian Industrial Development Corporation. Again, the need for that institution was peculiar to Australia. There was no long-term debt money available in Australia commensurate with the needs of Australian industry and the institution was created specifically to go out of Australia, with government credit, and borrow money that might be available for investment in Australian industry. Foreign debt capital just was not coming into Australia, again not comparable with the Canadian situation.

In the case of the General Investment Corporation of Quebec, which has been cited by members of the official opposition as an example of why the CDC should not be proceeded with, and on the other hand the objectives of which have been cited by members of the Social Credit party as those which the CDC should pursue, we had a situation where investments were made by that corporation for what were regarded as national or social priorities in the province of Quebec. The experience of that institution is one of the reasons why the Canada Development Corporation will be placed in the hands of a very independent board of directors, because when social or political objectives intervene in business decisions, business judgment suffers.