

should be taken seriously. This, then, leaves the question of who will find investment in the corporation attractive.

It seems to me to leave two potential groups, aside from the government itself which will be under strong pressures of self-justification to participate in the corporation. In listening to testimony in committee on this bill by individuals knowledgeable about the investment habits and patterns of medium sized investors and the large institutional investor, I was not at all convinced, nor were many of these witnesses, that such investors would regard the Canada Development Corporation as the type of highly sophisticated, strongly profit oriented, conglomerate which could best serve their needs.

The principal reason for this reservation appears to be the spectre of governmental control which will always lurk over the management of the corporation. Investors will rightly wonder about the basis on which large financial commitments are to be made. Let us take the case of a province which is urgently in need of several hundred million dollars to develop a natural resource industry or a hydroelectric project and which is encountering difficulty in raising the money on the open market because of interest rates or exchange difficulties. It is not difficult in this situation to imagine the pressure which a province could bring on the federal government to have the Canada Development Corporation provide the needed capital through the purchase of provincial debentures, although such an investment might not be in the best interests of the shareholder of the corporation.

It is all very well for the Minister of Finance (Mr. Benson) to cite the provisions of this bill which enable the government to dispose of up to 90 per cent of the shares in the corporation, thereby reducing its participation to as little as 10 per cent. The fact of the matter is that this situation will be a long time coming, if ever. Even if it should come about, the government has provided further against its loss of effective control over the corporation by limiting the ownership of any other investor to 3 per cent of the share capital of the company, which at its maximum capitalization of \$2 billion, represents an upper limit of \$60 million of participation by any single company or individual.

In a normal public company, a shareholder who is dissatisfied with the management of the company is free to seek voting support for his position amongst other shareholders, but this will not be the case for an investor in Canada Development Corporation. Shareholders are specifically forbidden to vote in concert to express their disapproval with the corporation's policies or management. I cannot imagine why a sophisticated, large investor, of the type which the corporation will need to attract if it is to operate as envisaged by the government, would ever consent to placing his interests in such an unfavourable position when there are so many other excellent and truly democratic companies in which he can place his assets. I submit that the government has simply failed to look at this aspect of the Canada Development Corporation's operations realistically. While I can understand some of the reasoning behind the government's position on this particular question, I believe it merely serves to

Canada Development Corporation

confirm the inherent difficulties of attempting to set up a huge conglomerate that will be responsible at the one and same time to political interests represented by governmental participation in it and private interests seeking the maximum return on their investment regardless of whether this comes from ventures with a high content of national interest.

Having seen and studied various socialistic economies, I remain an adherent of the free enterprise system. When a government enters a major area of economic activity, it seems always to do so on a far more costly basis than when the matter is left to private enterprise.

Let us consider the costs and quality of medical care in Canada, particularly since the introduction of a national medicare system. Can anyone really state seriously that the quality of medical care has risen proportionately—

Mr. Deputy Speaker: Order, please. I have been following the hon. member's remarks very carefully. He is making an important contribution to the debate, but I suggest with respect that he may be ranging a bit wide of the subject. The House has before it for consideration the first group of motions. It seems to me that the question with which these motions deal is the question of public corporations, such as Crown corporations, and corporations in which there would be private investment. With respect, I think the hon. member should not range into medicare and other matters.

Mr. Ritchie: I just wanted to point out that the high cost of medicare is an example of the cost of the type of large bureaucracy which this bill could well set up, Mr. Speaker. On the subject of administrative costs, I think we can easily imagine the size and type of administrative empire that will quickly spring from the existence of the Canada Development Corporation. If this amendment is passed, it will make this a completely government dominated corporation. It will be the largest single conglomerate in Canada, even before it becomes fully capitalized. When one sees the size of departments of government in Ottawa which operate on much smaller budgets, one cannot but shudder to think of the army of economists, research assistants, investment advisers and portfolio managers, policy developers, department heads, secretaries, typists, clerks and others who will be assembled to operate the levers and wheels of such a behemoth.

● (2:20 p.m.)

The Canada Development Corporation, Mr. Speaker, represents to me the continuance of the pattern of the present government of extending its powers further and further into the private economic sector of our society. The present bill is its boldest approach yet in this direction, and many important members of the private sector are understandably alarmed over its implications. There are, in my view, other places than the bedrooms of this country where the state does not belong. The free enterprise system is one of the most important ones.

I believe it is the duty of the government to provide a fiscal and monetary climate which enables and encour-