

Canada Development Corporation

In order to enable the corporation to commence operations without delay upon approval of this bill, and to work effectively toward the achievement of its objects, the federal government will make \$250 million available to the corporation by undertaking to purchase its shares either directly or as underwriter. The amount that the government will be required to subscribe under this arrangement is limited to \$100 million in the first year and \$75 million in each of the following two years. These funds will be set aside for the corporation to be drawn down as suitable investment opportunities arise. In addition, the bill also provides authority for the government to lend up to \$100 million to the corporation. It is not intended that this authority to lend will be used during the period when the government is providing equity funds to the corporation.

The bill also gives the government authority to sell to the CDC at such fair and reasonable prices as may be agreed upon between the government and the corporation, the government's investments in certain Crown-owned corporations and businesses which are operating in the private sector on a profitable or potentially profitable basis. An independent evaluation of the government's investment in each of these enterprises will be carried out immediately with a view to effecting the transfer of ownership of those in respect of which agreement can be reached with the corporation. Some of these enterprises are in a position where their further growth and development could be facilitated by giving them the greater flexibility to operate and better access to capital markets which would come from CDC ownership of their shares. The scope of its operations will, of course, be national and it will undoubtedly establish offices in the major business and financial centres in Canada.

The establishment of the CDC is one of the important measures that the government proposes to take in order to widen the opportunities for Canadians to participate in their own development. Its purpose is a positive one. It is designed to look to the future and not to the past. The corporation will be unique in its objects, its ownership, its size and capability. No other corporation in Canada is required by its objects to take into account national interest as well as profitability. Only Canadian citizens or residents can hold its voting shares.

Its capitalization will allow it to become one of the largest Canadian corporations. It will represent a new and significant partnership between the public and private sectors in the dynamic development of our economy. It will create a new centres of entrepreneurship and capital to help build the kind of strong and enterprising Canadian corporations which can compete successfully in an increasingly competitive world. It will enable certain government-owned enterprises to grow and develop as full-fledged members of the business and industrial community, and it will help broaden the opportunities for both Canadian skills and Canadian capital to participate in our own development.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, there is one temptation which I hope will be resisted in the course of this debate. That would be to launch into a full discussion on the subject of economic nationalism

[Mr. Benson.]

and foreign ownership. I put it to you, Mr. Speaker, that the bill before us is in no way related to this question. Not only is the cart before the horse tonight, but the cart has been completely detached from the horse. We have been asked to deal with a bill which has as its objective the creation of some form of government-sponsored investment corporation designed to maintain a strong degree of Canadian control as well as to develop the Canadian economy.

It would seem to me that before we can discuss this measure intelligently to determine whether or not it will do the job people expect of it and meet the objectives set for it, we should be told something about the foreign ownership policy and the industrial development policy of the government. In the absence of this information in crystal clear terms, how are we to evaluate the proposal before us? There is a policy vacuum. We can examine the proposal to set up this corporation, and depending upon where you want to put your money you can take your choice as to the advantages.

If you want to look at it from the viewpoint of national interest, this corporation can lose all the money it cares to in the pursuit of that objective. On the other hand, if we are to be guided by the minister's press release and by the words contained in the bill, which say in effect that the cardinal principle by which the directors must be guided is the rate of profitable return, the situation is seen in an entirely different light and national interests go hang. The idea will then be for the corporation to get into industries operating in higher return areas—parts of Ontario, British Columbia and Alberta—where a really good return can be expected; and in other parts of the country too, because every region has its share of good industry. Anyway, the idea will be to invest in types of industry or economic development which will provide a quick return.

But if this is to be the underlying principle guiding the corporation, I say the cart has been presented long before the horse since we do not know what is to be the foreign ownership policy of the government. Is this to be the type of vehicle the government intends to use? The minister has told us the corporation will not be a buyer of last resort. First, he told us it will not be a buy-back corporation. He shows some intelligence there, because there is not enough money in Canada, government or otherwise, federal plus provincial, to undertake a realistic buy-back operation. Before you can buy back, the other person must be willing to sell. There will no real opportunity to buy back unless, of course, you are to play the prodigal and give anything that a potential vendor might want.

● (8:30 p.m.)

As I said, I do not think this should be a debate on the pros and cons of controls on foreign ownership or on related matters of economic nationalism; it ought to be a debate on this particular bill. We may as well consider that we have here a proposal which before long this bill will end up in committee and my colleagues and I will put forward many questions. We will, of course, raise very serious doubts about the efficacy of this proposed corporation. This bill will go before the Standing Committee