

Canada Development Corporation

bursing the taxed capital and paying for the fringe benefits which it must provide to its employees.

The small enterprise, the small manufacturer is facing all the conomical problems. It has to finance all the plans and programs which the government is forever coming up with.

I am pleading in the name of the small enterprise which has a right to exist. It should enjoy all possible consideration from the state before it can mesh with larger socialist organizations and large centralized enterprises. We must decentralize and guarantee to the small firm the outlets and the capital required. We will thus get better results than these giant corporations which will finally eat up the small ones.

● (3:10 p.m.)

[English]

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the Canada Development Corporation has received considerable public attention over the years and particularly concentrated attention in recent months. The government has listened closely to the discussion and has prepared a bill which reflects this informed deliberation.

The concept of the bill was discussed informally as long ago as 1963. The bill before us received first reading in this House on January 25 and second reading on March 3 after a very thorough and comprehensive debate. The public was then invited to submit briefs to the Standing Committee on Finance, Trade and Economic Affairs. The committee received numerous briefs and letters and heard a number of witnesses including the Minister of Finance (Mr. Benson) and representatives of the Investment Dealers' Association of Canada, the Canada Chamber of Commerce and the Canadian Bar Association, as well as several private individuals.

There is no question that there is broad public support for the Canada Development Corporation. Equally, there is no question that almost everyone has his own personal vision of the Canada Development Corporation. As the amendments before us and the speeches supporting them from the NDP indicate, that party has quite a different vision of the Canada Development Corporation from that of the government. I might say that the official opposition appears to have no vision of it at all, the Social Credit party, with its own firm belief in certain cures for all economic ills, has a view of its functions that do not accord with those of the government.

Constructive suggestions were received in the briefs and made by the witnesses appearing before the committee, and further comments were received directly by the minister. Government officials have discussed the bill with concerned persons including representatives of the stock exchanges. The government was able to take all these views into account in supporting amendments made at the committee stage. I shall return to these in a few moments. Notwithstanding all the public discussion there are still some widely held misconceptions about the CDC, misconceptions obviously shared by hon. members opposite. I would like to restate briefly the government's

[Mr. Latulippe.]

position on a few of the major issues in the hope of clearing up some of these misconceptions.

It has been suggested that the objects of the corporation are too vague and that its board of directors will lack direction. Hon. members will appreciate that the CDC as proposed in the bill will be a statutory corporation and that its objects can be changed only by act of Parliament. The CDC will operate, with few and necessary exceptions, under the Canada Corporations Act and will be competing with other corporations in the private sector. The objects of the CDC are deliberately broad. Restrictive terms would hamper the CDC's mandate to fulfil its purpose as set out in the bill. The directors must be free to establish new policies to meet new situations. In this respect the CDC will be on all fours with other successful Canadian corporations.

Some critics of the bill question its timing. They say the CDC should operate within a framework of defined government policies on industrial development and foreign ownership, and should not be created until such policies are defined. The government is not presently planning to make an over-all, embracing statement on industrial policy.

● (3:20 p.m.)

Existing government programs establish the government's interest in developing, among other things, a strong manufacturing sector, a distinct Canadian communications industry, and in encouraging resource development, particularly in remote regions of Canada. These programs provide ample definition of our industrial policy. I expect that the government's statement on foreign ownership will be issued before the CDC is operational. However, the CDC's Canadian orientation is quite clear from the bill itself.

The primary role of the corporation will be to help shape and secure the future rather than to recover the past. In the words of the bill, the corporation will "help develop and maintain strong Canadian controlled and managed corporations in the private sector..." The corporation will take into account this objective in considering its various investment opportunities. Whatever our foreign ownership policy may be, the CDC will not be a buyer of last resort. The CDC is a positive step in promoting a greater Canadian presence in industry by pooling capital and entrepreneurial skill, and by encouraging the rationalization of Canadian industry.

Much has been said in and out of Parliament about the danger of conflicts between the national interest and profitability. Others seem to feel that the two are irreconcilable. The government rejects that contention. It is said that the board will tend to be influenced by the former at the expense of the latter, by national interest at the expense of profitability. As a statutory corporation, the directors of the CDC are obliged to pursue the objects of the corporation which, as the bill states, "shall be carried out in anticipation of profit and in the best interests of the shareholders as a whole."

A dynamic private sector in which there is a greater Canadian participation is clearly in the national interest.