

Canada Development Corporation

I do not know why, when the sponsors of the bill were so anxious that the Canada Development Corporation should invest in and encourage investment in Canada they should limit investment to corporations with \$1 million or more in capital. We must remember that our manufacturing industries, our communications industries and, for that matter, resource industries started out with a lot less than \$1 million in capital investment. It is beyond me why this corporation should be so limited. If the directors possess sound investment knowledge and use as their sole measure the amount of profit to be made, the corporation should be in a position to invest in smaller companies. Many Canadians feel that the corporation will in fact be a buyer of last resort. If the corporation is to be geared to create Canadian content, it should be able to invest in companies no matter what their financial size.

Mr. Knowles (Winnipeg North Centre): One o'clock.

Mr. Speaker: Order, please. It being one o'clock I do now leave the chair. The House will resume at two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Horner: Mr. Speaker, before the adjournment at one o'clock, I was dealing with some of my fears about the Canada Development Corporation which Bill C-219 would set up. I should like to deal with one more point before I conclude. The Canada Development Corporation, as I understand it, will be a Crown corporation which will be in competition with private industry. Yet, it will be run and managed by directors appointed from the private sector who will be knowledgeable, I would assume, about investments within Canada. I wonder whether the Minister of Finance (Mr. Benson) or his parliamentary secretary could inform the House where they will find unbiased, neutral and knowledgeable people in the industrial world who will direct the Canada Development Corporation without any tendency to slant the direction toward their own particular interests.

Such people may be directors of half a dozen other companies. If one studies the directorship stratosphere within our society, one can readily see that a director of a chartered bank in Canada can also become a director of Canada Packers, one of the largest meat packing companies in Canada, and half a dozen other companies. Naturally, a bank has a tendency to lend in the direction in which its directors would perhaps encourage it to lend. How will the Canada Development Corporation be run in competition with private enterprise when its directors are appointed from the private sector and are more than likely men who either directly or indirectly have investments in large corporations which are operating in Canada? It is obvious that not only will the Canada

[M. Horner.]

Development Corporation be prohibited by the act from investing in small corporations but will also tend to make investments along the lines suggested by its directors and along the lines of investments with which they may personally be directly or indirectly involved. I say that without doubt, for this reason, the CDC will be enticed into investing in large corporations, not small corporations, which may not be in dire need of additional investment capital. When I say "dire need", I mean need which could not be met by other means.

● (2:10 p.m.)

Under the Income Tax Act, 82 per cent of the corporations operating in Canada are classed as small corporations. Many of them are in need of investment capital but will be prohibited from receiving any investment by the CDC. Will a Crown corporation operate more efficiently in a conglomerate field than a private concern? I doubt whether it can. This will be nothing more than a Canadian mutual development fund, and sometimes such funds run into heavy costs hiring professional and entrepreneurial skill.

For these and other reasons, I believe many Canadians will be sadly disappointed at the over-all effect of the corporation in attempting to promote a strong manufacturing sector and encouraging strong resource development. They will even be sadly disappointed at the lack of success in setting up a truly Canadian communications industry. I believe all these things could be much more readily and easily accomplished through better taxation policies which would encourage Canadians to invest in Canada and which would leave Canadians with some surplus profit to invest in Canada.

The taxation and economic policies of today and yesterday have deprived many Canadians of the resources they otherwise might have had to invest in their country. They have resulted in large scale unemployment. People have little money to invest in the manufacturing sector. This is a cause of much of the unemployment. This legislation, and the proposed CDC will do little to rectify it.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I support this amendment because one must assume that if the CDC is to do an effective job and contribute to the real growth of the Canadian economy, this clause as it stands inhibits any real choice of action on the part of the corporation. One factor which we should consider with respect to such a corporation is the importance of research and development.

Recently, I talked to an engineer who is also a scientist. I have no reason to doubt what he told me when he said that the reason for the lack of employment opportunities for many university graduates is that we do not have research and development establishments in Canada to give scope to their knowledge and training, incidentally training in which we have invested a great deal of the taxpayers' money. Unless we have trained people who spend their time on new developments and innovations, we will not share properly in the technological advance which is part and parcel of the developing societies of