

Canada Development Corporation

emergency debate on a very important matter, namely, the sale or possible sale of Home Oil Company. I do not think that this debate answered all the questions raised with respect to the Canada Development Corporation, but it did indicate, perhaps better than hon. members opposite have done, what the role of the CDC should not be. Since it may not have indicated what the role of the CDC should be, it is to this point that I address myself this afternoon.

I should also like to emphasize that the Canada Development Corporation is only part of a larger concept. It is but part of an industrial strategy, one that will include the whole question of Canadian ownership. I think it is within this context that we must examine the role of the CDC. The CDC has become a very important subject. It is a very big corporation, a \$2 billion corporation, and there is no question that both in the House and in committee the provisions of this bill will have to be very carefully examined, particularly since over the course of the eight or nine years that the CDC has been gestating the role of the CDC has changed.

Almost everyone has his own idea what the role of the CDC should be. I suppose it has become the answer to almost every nationalistic maiden's prayer. For some—I think for many members of the NDP—the CDC should be the vehicle for buying back Canada. However, these members conveniently forget that investments in Canadian industry run somewhere between \$40 billion and \$50 billion. Blithely they say, "Well, this is something we should be devoting our resources to", forgetting the future. They also forget the question of foreign exchange and the fact that in recent years we have been generating, during fortunate periods, a surplus balance on current account of a billion dollars.

Mr. Thomson: Forty-seven hundred million right now.

Mr. Gillespie: So briefly, for many it would be the vehicle for buying back Canada. For others it would be a preventive "buy first" vehicle. I think this question troubled the hon. member for Lisgar (Mr. Murta) who has just spoken. I think he was concerned—these are his words or something similar to them—that it might be stuck with every industrial failure in the country; that it would be subject to political pressures that it could not withstand. I think that the debate regarding Home Oil Company last week helped to illuminate this particular problem; not that there was any failure involved on the part of Home Oil Company, but a company like Home Oil is often worth more to a foreign purchaser than it is to a Canadian purchaser.

Mr. Thomas (Moncton): Why is that?

Mr. Gillespie: If the Canada Development Corporation were to get into the business of pre-emptive bidding, it would not then meet the test of profitability. The hon. member opposite asks me: Why is that? If he understood how business organizations worked, he would realize that there are certain values in integration, particularly of international integration. Let him consider for a moment

[Mr. Gillespie.]

that there might be economies of scale involved and of marketing arrangements where a fit was involved.

Mr. Thomas (Moncton): What about tax advantages?

Mr. Gillespie: I do not think the hon. member should refer to tax advantages which really fit the Home Oil situation. That has nothing to do with the tax situation here. I think the hon. member for Waterloo (Mr. Saltzman) argued that the Canada Development Corporation should be a giant corporation that would stimulate regional economic growth. I think that is what he said in his remarks on second reading several days ago. He would even have taken it further and set up the CDC as a centralized planning mechanism, a mechanism that would concern itself with allocating capital resources that would meet national needs, undefined, and would not concern itself with earning a profit.

Similarly, in the debate last night the hon. member for Compton (Mr. Latulippe) made a strong and vigorous presentation. He has a most persuasive manner. However, I must confess that I did not understand all his arguments, though this may well have been the fault of the translation. Nevertheless, I do not want to be unfair either to him or to the translators. I think the hon. member interpreted the role of the CDC in very large and considerable terms.

The hon. member for York East (Mr. Otto) attacked the subject again but from a very different point of view. He felt that the Canada Development Corporation should concern itself with providing a guaranteed return for shareholders—I think that was his expression. I would say that if the CDC is going to concern itself with guaranteed returns, then why does it not just sell bonds? Certainly there would be no purpose in selling shares and having shareholders.

The point that I am trying to make is that over the years the CDC has blossomed into a hodgepodge of ideas. The CDC concept originated with Mr. Gordon back in 1962, a man I think we would all recognize of vision and energy, as well, perhaps, a man of some impatience. He saw the problem that many of his colleagues and many Canadians did not see and moved to correct it. Perhaps he moved too fast because the country was not then ready to understand the problem that he saw. He was a man, though, who spoke of this concern and warned his people. Again, with this process—the buy back of Canada, the pre-emptive purchase, the giant mutual fund, the national planning mechanism, the guaranteed return, the opportunity for the small investor to develop Canada in an unstructured, undirected way—here for the first time we have before us this bill in respect of the Canada Development Corporation. Surely it should set to rest many concerns which have been stated in this House.

• (3:50 p.m.)

First, it is emphasized that the corporation will be a private corporation concerned with the private sector. The hon. member for Waterloo has argued that it should have been created a Crown corporation. He has moved his amendment essentially on that ground. He seemed to