

Income Tax Act

We must also consider what policies we are going to adopt in Canada, and how we are going to control the existing problem here. There may be a number of mechanisms proposed to try and exercise control over our economy. We will have to consider what we should do by way of policies involving economic goals, perhaps in some cases by buying back certain industries. I acknowledge the point that it would be an inappropriate use of resources to place over-emphasis on this area, simply trying to buy back the economy, but at the same time there may be instances when this will be the appropriate action to take.

More importantly, Mr. Chairman, dealing with the future we must take a look at the sources of Canadian capital, and here we have to be concerned with the development of our own sources of capital, and accumulating savings that can be invested in the economy. There is also the external problem. There is a good deal of argument about whether we still need foreign capital in order to achieve the degree of economic growth that we desire in Canada. I am not sure whether all of this debate is entirely useful. There may be times when we will want external capital, and other times when we will have no need for it. In any case, there are two basic points to be kept in mind.

Whenever it is considered appropriate to have an infusion of foreign capital one question that must be considered is how the capital is used, that is, whether it is invested in equity capital or results in an alienation of ownership of Canadian resources. The question of the extent to which the infusion of foreign capital is placed into equity is an important one, but it is not the only consideration. We must also be concerned with the question of how the money is spent, and just what sort of industry it is invested in, both in terms of the actual expenditure of the money and the type of growth brought about by that expenditure. This can have very important consequences for the Canadian economy.

• (3:40 p.m.)

At the same time I recognize that we have to maintain our links with the international community and we have to be concerned about markets for some of our products. Certainly, we want to have more finished products exported from Canada rather than simply raw materials. We all also have to be concerned with the area of technology because that is at the very core of our development policy today. We must have an adequate science policy, one that will enable us to undertake the type of research programs necessary if we are to excel in those areas of economic development upon which we decide to concentrate. We must take care however to maintain our links so that we do not exclude from this country technological development from other parts of the world.

In terms of the structure of the economy that we decide upon, we must select the areas of that economy upon which we will concentrate to bring about the economic growth necessary to do the best possible job. Two or three years ago, the then minister of communications, now the hon. member for Duvernay, pointed out that in the area of communications there was a golden opportunity for Canada to develop a first rate industry, Canadian-owned and Canadian-controlled, geared primarily to Canadian needs and conditions. He felt that we could excel in this

[Mr. Burton.]

field, first of all to take care of our own requirements and then expand to world markets.

Another area about which we must be concerned is that of outflow of capital from Canada. At the present time this is directed by some of our financial institutions and some of it is aimed toward production capacity in other countries rather than to Canadian development. However, I am afraid there are many cases where that development is not directed toward Canada's well-being but rather the corporate well-being of the particular institution involved. Of course, we have the development of various resort facilities in the Caribbean and so on. This type of investment may serve to develop that area, if that is the object, but in many cases it is of no particular benefit to Canada. Certainly, Canada's present actions—

The Chairman: Order, please. I regret to interrupt the hon. member but I must do so to advise him and the committee that his time has expired.

Some hon. Members: Carry on.

The Chairman: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Burton: Thank, you. I just have a few more remarks, but I think it is important to round out the discussion on this subject.

Another area to which we must give greater attention is the Canada Development Corporation. The stand of the New Democratic Party is very clear. We were unhappy about the type of Canada Development Corporation established by the government some months ago. We think that an entirely different type of structure is required which will enable the government to use it as a key instrument in directing Canadian development and giving some hope to Canadian development policy. I think we also have to keep in mind the effect of our actions on trade and trade policy in view of the upheaval we are facing at the present time. We must decide whether to go in with one or the other of the trading blocs of the world or whether to establish ourselves on a relatively independent basis, at the same time developing links with the various trading blocs being established in the rest of the world. It is very difficult to know what government policy is on this matter. We must decide what kind of economy we want in Canada. Do we want one which is self-sufficient in which we develop our own capacity, or do we want a policy inseparably linked with another part of the world and which would make us dependent on the economic well-being of that area. I do not think that is a desirable course of action for Canada.

In conclusion, Mr. Chairman, we must pay close attention to the manner in which the tax system is used in connection with our international economic relationships. We agree with some aspects of the government's approach, but it must be underlined that we need a greater development of policies in other areas in order to achieve a more adequate development of the Canadian economy than we have seen up to the present time.

Mr. Ryan: Mr. Chairman, this is the second opportunity that I have taken to speak upon some of the subject