

*Income Tax Act*

ment in Canada. Other experts may say that the government should adopt greater measures of control over the developing industries of Canada. I do not believe Canadians want this. Canadians are becoming more and more concerned with government controls, and want less and less interference from the government and a greater opportunity to contribute to the development of Canada.

At various times the minister has said that he does not like this power of discretion that results from the implementation of Bill No. C-95. However, he sees no other way of getting around the problem. This results in a further increase in government interference with Canadian industry. The government seems to think that it can run and develop Canadian industry better than private enterprise. The Canadian wants a chance to share in this development of Canada. He wants a chance to aid in the development of Canada. Above all, he wants a greater opportunity in Canada for all Canadians.

These provisions will result in the slowing up of Canadian growth because we are trying to discourage foreign investment. How will this provide greater opportunities for Canadians, Mr. Chairman? The most recent edition of the *Financial Post* estimates that our gross national product will increase by something like 6 per cent this year. How does this compare with a 9 per cent increase last year? Their forecast for the coming year is only a possible 3 or 4 per cent, and I ask how does this hold out any great opportunities for Canadians to participate in industry? I suggest it does not.

I suggest that most parts of this bill are highly impractical. The Minister of Finance is stubbornly, doggedly hanging on to the remaining part of his budget; otherwise he would scrap the whole bill. It singles out foreign companies, which have less than 25 per cent of their shares on Canadian stock exchanges, for a greater rate of tax. How can we determine the nationality and the residence of invested capital? Even if this bill passes, how long will the government have to continue to keep a careful watch on the percentage and Canadian residence of investment in various stocks? I would be quite interested to hear what Mr. Kierans had to say about this particular clause. To me it seems very impractical, if not bordering on the impossible.

Think of the growth in the number of civil servants required to police this part of the bill. Here again we see Parkinson's law in action, greater and greater bureaucracy, and greater and greater control over the development of Canada.

[Mr. Horner (Acadia).]

When one looks at Canada's growth over the past 10 years he must realize that foreign investment played a major part in it. Coming from Alberta it is perhaps natural that I should look at that province. We were fortunate enough to have oil and gas below ground and had United States capital coming in to develop new industry. There has been a great growth in the service industries, and I see no harm in foreign investment in those industries.

Last week I noticed an article in the *Globe and Mail* for October 23 headed, "Tax plan called a bar to realty investment." Our real estate boards have met and condemned this tax plan in Bill C-95 because they say it will limit investment in real estate throughout Canada. Many more service industries will be affected, and I see no harm in allowing foreign investment to develop these industries thus providing jobs and work opportunities for people all across the country.

I spoke on the resolution stage of this bill about the need for greater capital being loaned to Canadians. In this way we could give them an opportunity to share in the development of Canada. I suggested that the development bank should be transferred to the new Department of Industry where the people running it could work in close liaison with that department. This is a prime necessity. If we want Canadians to invest we must help them, show them, and provide the necessary capital for them to get into business.

In this bill we see a tightening up, or a penalty clause for foreign investment on the one hand; but yet if foreign investors do come into Canada and locate industries in depressed areas we will give them a big helping hand. In effect this does nothing more than complicate the tax structure of the country. At present there is a royal commission studying it, and the tax structure has been said to have become too complicated. Certainly Canadians generally will agree with that contention. We want a greater simplification of the tax structure instead of giving incentives with one hand and taking them back with the other. You may keep the pot boiling by doing this, but it adds nothing to create opportunities and provide jobs for Canadians. It only increases bureaucracy on the part of the government and encourages creeping socialism; and Canadians have said from time to time that we have gone too far in that direction and should give private enterprise a greater chance to develop the country.

It is interesting to note that in *U.S. News and World Report* of October 14 last, on the page headed, "Business around the world", world bank chief Mr. Woods made that plain