

*Oral Questions*

● (1422)

**Mr. Chrétien:** Mr. Speaker, I think if the hon. member looks at the record he will realize that the economy of Canada has grown much faster in the last seven years than has the economy of the United States. In fact, for 27 months during 1974, 1975 and 1976 the United States was in a recession. In Canada we have managed to maintain a certain growth. The forecasts made by the IMF over the weekend indicated that Canada will have the best growth performance in 1978 of any country except Japan and will beat all other IMF members.

**Mr. Crosbie:** A final supplementary question, Mr. Speaker. For the first time in 33 years we have a net outflow of funds to the U.S. from Canada. Does the minister consider this to be a problem, is he concerned about it and, if so, what is he going to do about it? The brain-drain is from the government. Is the minister unconcerned that it is a brain-drain from the government? What is he going to do about this, and does he consider it a problem?

[Translation]

**Mr. Chrétien:** Mr. Speaker, I believe there is a problem in this regard but the hon. member is not aware, for example, that some transactions are considered as being capital outflow from Canada while in fact they are not. For instance, when Petro-Canada bought Atlantic Richfield, we were indeed reimporting into Canada operations that were run by the United States. Of course we had to pay back the Americans, so this was considered as money flowing out of Canada when in fact Canadians were buying American interests in Canada. Obviously the hon. member does take these facts into account when he quotes the statistics he has before him.

[English]

SUGGESTION CONDITIONS BE ATTACHED TO CANADIAN  
INVESTMENT ABROAD

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, I should like to indicate to the Conservative spokesman that a brain-drain from this government is a contradiction in terms.

**Some hon. Members:** Oh, oh!

**Some hon. Members:** Hear, hear!

**Mr. Broadbent:** With reference to the export of capital, the minister has just indicated that there is one example of some possible benefit to Canada. Mr. Speaker, Canadian Pacific Investments Ltd. have announced that they are investing abroad and that their total investment in the U.S. will reach \$185 million. This follows decisions by Northern Telecom, Molson and even the Canadian Development Corporation to do likewise.

I take issue with what the minister just said. If he feels there is possibly some benefit that can occur as a result of some investment abroad, why does the Government of Canada not do what every country in Europe and what Japan has done for

[Mr. Crosbie.]

years, that is, make it conditional for the export of capital that large companies show there is a benefit at home?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, the hon. member is very good at giving a lesson in humility. On this question, of course, if we want to be competitive in the world we must be people who are able to compete. It is not necessarily bad that Canadian industries seek greater performance not only in Canada but elsewhere. This very often opens doors for Canadian technology and Canadian experience to gain new ground in export business. We are following these developments closely. If the hon. member has a specific complaint, we can look into it. Canada often imports capital, and it is quite normal that Canadians export to other markets so that they will increase their base of operations.

**Mr. Broadbent:** Mr. Speaker, this minister is always late to recognize a crisis. At the current rate of export of capital, in 1978 we will export some \$1 billion. That means thousands of jobs lost to Canadians. I should like the minister to answer and not evade the question I just put to him. If, as he said in his reply to an earlier question, benefit can accrue to Canada at times from the export of capital, why does the government not make it a stipulated policy, such as exists in all western European countries and Japan, that in order to export capital large companies must show a domestic benefit?

**Mr. Chrétien:** Mr. Speaker, I do not think the government is about to control the flow of capital between Canada and other nations. One of our successes in the past is that we have operated an open economy and have welcomed capital to this country. If we want capital to come into Canada, we must be a society that permits the free movement of capital. I do not think the hon. member would improve the lot of Canada very much if at this moment we were to restrict the flow of capital.

● (1427)

**Mr. Broadbent:** Mr. Speaker, considering that in recent months the net flow of capital has been out of Canada going abroad, and we have 1½ million people unemployed, I plead with the minister to recognize this reality and do, in this industrial country, what all other industrial countries did a long time ago, with the exception of the United States, and that is to put export controls on the export of large amounts of capital.

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[Translation]

**PENITENTIARIES**

## CONSTRUCTION OF PENITENTIARY IN QUEBEC

**Mr. Adrien Lambert (Bellechasse):** Mr. Speaker, my question is directed to the Solicitor General.

Last year his department officials were asked to look into the possibility of building a penitentiary in the Quebec City area. Would the minister tell the House if this study is