

Bill C-219 makes no attempt to answer the real question of why Canadians are less inclined than Americans to invest in Canadian industries. Indeed, there are no provisions in it for assistance in cases in which a United States takeover of a Canadian industry is imminent. Inclusion of such a provision might at least have been a saving grace. It might have been some indication that the government intended this measure as the vehicle for rescuing some if not all of the firms which might be in danger of takeover by foreign interests in the future. I seriously doubt whether anything as elaborate as the CDC would be required for such a purpose. Moreover, I would hope that should any measures be adopted to prevent takeovers, the viability of the firms concerned and their ability to provide jobs are preserved intact whatever the means employed. I can see such a possible role for the CDC, and its adoption would cause my attitude toward the usefulness of the corporation to change somewhat. But it would still not be sufficient reason for risking the dangers inherent in the CDC concept.

Speakers on this side of the House have pointed out repeatedly and with great clarity that the real stumbling block in the way of full confidence on the part of Canadians in the investment possibilities of their own country is to be found in the nature of the tax structure generally. The answer is to be found in the incentives and in the reduction of risk provided by other countries in their tax arrangements. Successive Canadian governments have been aware that United States and Japanese investors are encouraged to develop resources and industries in Canada on as large a scale as practicable.

Corporations in those countries are encouraged, not by infusions of federal capital but by tax write-offs on high-risk development capital and by other tax benefits. Canadian tax laws have always discriminated against Canadian investors and developers, and it always amazes me when I hear nineteenth century Socialists advocating the nationalization of foreign-owned interests in this country rather than urging that the privileges extended to foreign investors be extended to Canadians also. We can no longer overlook the paradox that many United States takeovers in this country were accomplished by means of funds subscribed, borrowed or earned in Canada.

There is one aspect of foreign ownership which works in our favour and account must be taken of this in any measures designed to restrict foreign investment. Subsidiaries of foreign concerns in Canada enjoy a favoured position in the markets of the parent country, which tends to ensure the viability of the Canadian firms thereby preserving the jobs of their employees and maintaining the buying power of the enterprises concerned. This is not nearly as bad for us as some people would have us believe. But it would still be desirable for the government to learn something from those countries which find Canada such a tempting investment prospect. There is surely something to be learned from companies and countries which for many years have reaped enormous

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returns from their investments. I think it would be more satisfying to be the owner rather than the owned.

There is one further observation I should like to make and it concerns an apparent inconsistency in the government's efforts to stimulate interest among Canadians in investment in their own country. On the one hand we have this bill, purporting to be the vehicle by which Canadians will be encouraged to invest their money in home-grown corporations and ventures with a benevolent federal government as partner. I have already pointed out that the bill contains no built-in guarantee that such investments will return a profit. There are no safeguards against the money being dissipated by bureaucratic inefficiency or poor management. The CDC is just another investment possibility, and bureaucrats are not known as being astute managers and innovators; they are certainly not trained or experienced in sound business practices. On the other hand there is the government's white paper on tax reform, a classic example of muddled thinking and restrictive monetary policies. The white paper is an economic straitjacket designed to discourage investment and to strangle the productive middle range of our economy.

● (3:40 p.m.)

The introduction of the white paper stirred the business community to near panic, yet the government is planning to impose its proposals on the country. If I were able to consider the Canada Development Corporation concept in isolation, then I would be able to make a fair assessment of its possibilities, though even then I doubt seriously I could accept it as the alternative most desirable for our purposes. We need incentives to invest in Canada. The capital is here and the Canadian people are more inclined to invest in their country than we are led to believe. But federal government intervention in the private sector is not the answer; neither are restrictive and oppressive tax measures.

I must look at Bill C-219 in concert with other government measures that have passed this House or that are in the process of passing. I say this because with an overwhelming majority the government can pass any bill it chooses to pass, whether or not it is good for the country. I have to consider the Telesat Corporation, the proposed farm products marketing bill, the omnibus bill and the white paper on tax reform. When I consider Bill C-219 in company with those other bills, I see a pattern that disturbs and alarms me. I see a government legislating not for the good of Canada or for Canadians but a government legislating for itself. I see a government reaching out for power in the agricultural sector, in the communications sector, in the financial sector, and now in the business and industrial sectors. I would feel a little better about it if I heard just one small voice on the government side raised against this erosion of the Canadian economy and the Canadian Parliament. But I am afraid that I am in for a very long wait.

Mr. Alastair Gillespie (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I welcome the opportunity to participate in this debate, and I welcome it for two particular reasons. Last week we had an