

*Income Tax Act*

it is endeavouring to do something about restoring some control of the Canadian economy to the Canadian people.

I think the House of Commons has to face seriously the fact today there is no country in the world which has so much of its economy owned and controlled outside its own borders as Canada has. In the opinion of the New Democratic party the measure which the government is proposing is feeble, and we think it will be ineffective in really finding a solution. It is going to involve the investment of large amounts of Canadian capital to get control of 25 per cent of certain foreign concerns, which will really give Canadians no effective control and will use this capital to attain a purpose which in the long run will not achieve very much.

We feel the government will have to take much stronger measures if we are to make any progress toward acquiring a greater measure of control over the Canadian economy. If the government gets around to bringing down the Canadian development fund legislation and that is established, we hope it will use it or another fund for the purpose of acquiring some public investment in some of these foreign controlled concerns. This has now become common practice. In the Scandinavian countries, West Germany, France and Italy this has become one of the means by which government has been able to exercise an influence on large corporations, and this would be particularly beneficial in dealing with corporations that are foreign owned or foreign controlled. But as a step, a very feeble step which may prove ineffective, and as a gesture toward giving Canadians some measure of control over foreign controlled corporations, we will certainly support this measure.

The other measure has to do with giving tax incentives and concessions to corporations which are willing to go into underdeveloped areas. I cannot agree with the speaker who says a sociological solution to the problem of underdevelopment and unemployment does not make sense. In almost every country of the world which is experiencing economic growth and a high rate of employment this is exactly the kind of measure which they have introduced.

I had the privilege of visiting Sweden with some university people during the recess, among them two economists, and in Sweden one of the reasons they have been able to maintain a high rate of economic growth and keep unemployment to a minimum is that they have sought to direct investment into those areas which had surplus labour and surplus social capital investment which was not being used. This has worked out very well.

[Mr. Douglas.]

They argue, and I think they are right, that this cannot be done entirely by tax incentives. One of the things their labour market board is able to do is control the building of new industries. They have set up a national labour market board on which the government, industry and organized labour are represented, and they have labour market boards in 25 separate districts. The companies co-operate by supplying information to the labour market board every six months on any intended lay-offs, any increase in their labour staff, and what their general labour situation is likely to be, projected three years in advance.

Having that type of information the labour market board is able to direct industry. It does this by requiring an industry which wants to open a new plant to get a starting licence. Even to build a house or office building they require a starting licence, and when the labour market board decides that in a certain area labour is being utilized to the full and there is a shortage of housing and municipal facilities, it refuses to grant a starting licence in that area but will grant it in some other area.

They have set up special funds from which they make loans to corporations to move into undeveloped areas. A very good example of a community we visited was Norrköping. This was an area which some ten years ago constituted the textile centre of Sweden, and when Japanese textiles began to flow into the Swedish market the textile industry of Sweden was threatened. There was the usual cry for protective tariffs, but after consulting with industry and labour the government decided it would impose no protective tariffs. Japan was a good customer of Sweden, and if Japan was prepared to buy Swedish goods the government decided it should allow Japan to ship its goods into Sweden so it could earn the necessary krona to buy Swedish goods.

This meant that several textile mills were closed. The labour market board moved into the area and converted one of the large mills into a technical training school which is still in operation. The board retrained thousands of workers. Those who did not want to be retrained were given financial assistance to move to other communities where jobs were available, but those who were retrained were employed in new industries which the government induced to come into the area, companies which now manufacture metal goods, radios and television sets, and the area has become one of the main metal work centres of Sweden. This was all due to tax incentives, low interest rate loans and the retraining program.

There is no doubt a great deal can be done by means of tax incentives and concessions to