

*Canada Development Corporation*

the most positive aspect of the entire problem. The bill does not at this stage at least attempt to barge into some uncharted waters—areas which will be more clearly defined when the results of the studies of the Minister of National Revenue (Mr. Gray) are completed. We can then deal more satisfactorily with the whole question of foreign takeovers of Canadian companies and assess the wisdom of actually repatriating the control of some key 'acets of our industrial social and economic life.

Like most members in this House and many individuals across the nation I wait with some degree of impatience for these studies to be completed. However we must all be aware that it is far more important that they be broad and deep so that judgments based upon them are more likely to be wise and valid. At the same time we must maintain an appropriate pace as we face ad hoc decisions to periodic crises with varying degrees of satisfaction and questionable fairness to those involved. We must have rational long range policies so that both domestic and foreign investors and entrepreneurs can act with a greater degree of certainty. I believe it was Conrad Hilton, a man whose hotel empire reaches into countries with a myriad of regulations who said that he doesn't care so much just what the ground rules are so long as they are clearly set out and they are not changed on him in mid-stream. Mr. Hilton in many ways personifies the entrepreneurial spirit which motivates so many enterprises.

Business will adapt to reasonable laws and economic climate as well as tax systems knowing that its competitors face the same sets of rules. It can then chart its own operations towards profitable objectives. I know that word profit is a dirty word to some in certain sections of his House—I do not see any NDP members here—but I suggest that they do not appreciate the role that profit plays in maintaining efficiency and producing the essential investment capital for job creating expansion not to mention the motivation. That is a question of particular interest to those who studied these matters in the Committee on Finance Trade and Economic Affairs. I suggest that studies in this area of motivation are overdue. There should also be differentiation between fair or justifiable profit as opposed to that which is clearly exploitive or the result of unfair monopolistic practices.

I was interested in speaking to leaders of governments in the many nations I was privileged to visit when accompanying the Prime Minister to the Commonwealth conference in Singapore. Virtually every country had quite clearcut regulations relating to foreign investment, yet each one clearly welcomed such investment. Its success was largely dependent on the market, which in most cases is substantial in terms of population but small in terms of per capita income, a reverse situation to that of Canada. At the same time it is recognized that, as the standards of living increase in an area where hundreds of millions of people live, the potential for growth is enormous. Wise business, and I hope we only have "wise" business as opposed to "smart alec", is going to gain whatever foothold it can in such markets in concert with local interests.

[Mr. Danson.]

Another factor in addition to the domestic market is the richness of natural resources. In Indonesia, for instance, there are vast oil reserves to which access is relatively easy. They might not agree with that statement but it is true when you compare the situation in other nations. The quality of the oil is on a par with our Alberta oil, about which they knew everything. In Indonesia, they taught me a great deal about Canadian oil. The uncertainty of other sources of oil, plus the growing Pacific and Asian market, makes these resources sufficiently attractive that major international oil companies are quite prepared to invest their capital and "know-how" and turn over 65 per cent of their interests to Indonesian government corporations in return for nothing more than the 35 per cent they are allowed to retain plus a five year tax holiday. In addition, they are to repatriate or reinvest the profits on their 35 per cent as they see fit.

● (3:30 p.m.)

It is most interesting to see the development in Iran, a country where they manufacture their own automobiles, trucks and buses. It is a small country which we think is undeveloped, but the government is in complete control of the situation and business in that country competes on the export market with foreign licensors, something we should look at in our licence deals. In Iran, investment is welcomed when it participates equally with domestic investment capital. In that country return on investment exceeding 25 per cent is considered normal. I do not know if it is fully justifiable, but I am told that in their case it is normal.

In many cases our tax laws assure Canada of as much return as these nations enjoy as a result of their regulations on ownership. In other words, we do not have the same percentage of ownership but under our tax system we probably end up with as much in the federal coffers as they do as a result of their regulations on foreign ownership. What we must consider is the degree of control that is retained by the host country, and this is one of the prime considerations in this CDC bill.

This bill with which we are dealing, as I said previously, deals primarily with the key area of future development and the management of Canadian enterprises. Unless we are successful in this area and can prove ourselves competent, we will not be competent to deal successfully—by successfully I mean competitively and economically, and with the necessary managerial and entrepreneurial skills—with the question of takeovers. This cannot happen in the hothouse atmosphere of the bureaucracy, with all due respect to the very high standard of the bureaucracy in this country. I am delighted to see the transitional aspect of the CDC emphasized. This allows the CDC to operate with a maximum degree of freedom, largely as a catalyst to bring situations together and as a conduit to funnel the results back into the private sector.

I agree to a limited extent with the hon. member for Waterloo (Mr. Saltsman), who participated earlier in the debate, that there are some areas where profitability is