

skilful mobilization of our own capital must be made along the whole investment front, including the full range of venture capital...

Can we succeed in this national enterprise? Personally I think we can with a little bit of luck and some applied intelligence. I am not sure but that the peak of the annual inflows of U.S. investments will not soon be reached. The United States, and in fact all modern industrial nations, now face an enormous reinvestment problem of their own. The rebuilding of their cities, the building of new cities, changes in their internal transportation arrangements and perhaps most urgent of all the treatment of their pollution problems, their environmental decay, will require a redirection of investment programs on an unprecedented scale...

If we are so foolish as to fall apart, I fear we would be like chickens ready for plucking. I am afraid we would not only fall apart, but perhaps blow apart if we tried to stop capital imports".

Professor Safarian also has warned against the giving away, by provinces or municipalities of the benefits of foreign investment through tax incentives and tax concessions:

"...each of the provinces and some of the municipalities compete among themselves to attract firms into the country and also to attract Canadian-owned firms to come into their province or city and much of the benefit from domestic investment from the social point of view is not just the jobs that are created, which is important, but the tax revenue. If we turn around and give back the tax revenue in order to attract them here, we lose a large part of the benefit from foreign investment and from domestic investment... I think sometimes the competition between the provinces, in particular, for natural resource development leads to much of the gains from foreign investment being passed back to the foreign investors through no tax and perhaps a subsidy for 10 years in various respects."

However as we pointed out above, in provinces which are faced with economic stagnation the problems faced by the provincial authorities must be recognized. If they cannot obtain capital for development from Canadian sources (especially from the financial centres in central Canada) it would seem that they would be bound to turn to United States investment sources.

Some provinces are very dependent on exports for their income and the effect of any move to regulate or restrict foreign firms having access to markets must be kept in mind.

Because of these regional implications it is clear that Federal action with respect to foreign investment must take account of the interests of the various provinces or regions of Canada. M. Lemelin observed:

"First of all, it seems that the reforming of the structures of our economy and the planning of our investments... could not be made without the collaboration of the provinces. This would be the easiest way of taking into account the regional extent of the problem. It is not only a matter of moving investment resources from the less profitable sectors to those that are more profitable, from those which have relatively low development possibilities on the economy as a whole, because they are within the orbit of multinational firms, towards those where it is possible for Canada to exploit certain advantages in competition at the