

● (8:10 p.m.)

I think one might say that by definition saving is an individual choice. Years ago, when our social services were not so well developed, saving was undertaken by an individual to assure himself of a comfortable old age and of a retirement income, but in many cases the individual is now free of these worries. He is free of the high cost of medical and hospital services which were often extremely worrisome to a person 60 years of age and over. Now this is handled by our social services. Also, in the matter of housing he is able to a large extent to buy a house and finance it on a long-term basis. So that although there may have to be some saving, not nearly as much is needed as when a person had to finance his house for a shorter period of time. In other words, the personal inclination to save has materially diminished and the problem of encouraging individuals to save should be tackled in the immediate future.

In the economic field no one can believe that the Liberal government has really laid the cards on the table. As usual, some people are trying to determine the government's policies by gauging public opinion, and as usual public opinion is blurred and drifting. Not since the belt-tightening program of 1962 has any solution to our economic problems been presented. Likewise, no one believes that some magic piece of legislation or embarking on a spend-your-way-to-prosperity program is the answer now, when in many areas governments in particular are already spending too much. Rather, it is widely accepted that what is required may be aptly described as a tough, positive, farsighted program for giving Canadians renewed opportunities.

In the matter of spending by the three levels of government in the field of health, welfare and education we have only begun to grasp the problem and to attempt to find ways of curtailing these expenditures. We must attempt to set down guidelines by which these various social services can be tailored to the money that can be allotted.

It is generally recognized that there is no alternative for Canada but to seek wider and more diversified access to markets, not only for our primary products but also for those manufactured goods in which Canada has or may be able to get a basic competitive advantage. This will necessitate exposing Canadian markets in return. Trade with the Communist bloc has been sadly neglected; the initiatives demonstrated by the wheat shipments during the days of the Diefenbaker government have generally been allowed to lapse. The Pacific rim area is the place of greatest potential gain, yet it has been all but ignored recently. It is acknowledged that this involves trading in new international markets for greater international trade, which will produce the maximum Canadian productive effort. I think that in this respect our tax system is most important.

The spur to Canadian business can come from access to new markets and the subsequent exposure to aggressive enterprises. On the other hand, Canada has made no counter proposals to Britain's current bid to join the European Common Market although Britain has been

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Canada's most valuable customer, the nation that has provided Canada with its biggest surplus on its current and trading account.

Obviously, Canada cannot merely decry Britain's efforts to join the Common Market. It must offer something tangible which would help to offset the theoretical lure of the European Economic Community. Free trade with Britain in manufactured goods might be the spur to tip the balance against Britain joining the EEC, particularly if public opinion there remains so divided. It should be remembered that Britain is our best customer, that our trade with her provides us with a huge surplus and that therefore we should make an effort to maintain this market.

Canada needs the opportunity to participate in new trading markets, particularly now when 65 per cent of our exports are going to one country, the United States. Needed, too, is the carrot of being able to keep more of what you make. This is an essential element of producing a positive climate for aggressive effort and risk-taking. This means the elimination of taxation proposals which would make it unprofitable for Canadian companies to expand overseas. Also, it means that there should be a shift in the burden of taxation from taxing earnings toward taxing consumption.

No one really believes that there is much likelihood of an over-all reduction in the Canadian tax burden in the near future, although that must be an ultimate goal. In fact, it is imperative that some of the weight of taxes be removed from the Canadian economy or entrepreneurs will move to more favourable economic climates. A shifting of the burden off the risk-takers and onto the consumers would be an important element in encouraging maximum productive effort.

Thus, we should encourage personal and corporate industry by shifting some of the tax burden from enterprises which are efficient and well managed to enterprises which are not so successful. There must be a slow weaning of Canadian secondary manufacturing industry away from its underlying branch plant psychology. There should be little reliance on artificial supports or other gimmicks of a legislative character, or on speeches before Canadian clubs in American cities, as a means of achieving greater Canadian control of our manufacturing industry and the requisite export effort.

Too much reliance recently has been placed on boosting Canadian participation and on talking for or against foreign investment. It is essential that capital flows on the basis of market decisions arrived at by considering the economic merits. We must rub the salt of reality into the wound of our depressed economy. What is required is the creation of a climate of competition in the international marketplace; then Canadian enterprises will find it to their commercial advantage to service an available market which is much larger than the Canadian market. Obviously, this will not be an easy or quick solution.

Speaking of the attempt to consider non-resident control of our companies through the tax bill, I do not think the answer to non-resident control rests with legal devices which counter the natural economic forces but,