

Natural Resources—Development

exclusively into the care of the provincial governments. But the provinces do depend to a certain degree upon their creatures the municipalities to bring along certain development projects. They depend upon them to a very large degree, but if the municipal and provincial governments are forced to come to the federal government periodically with their caps in their hands to ask for hand-outs, there is not going to be very much development.

I am thinking now in terms of large power projects and railway developments which are essential to the opening up of vast new areas, and which will in the end encourage and stimulate the development of mining and other resources. I am thinking in terms of irrigation and drainage projects and all that sort of thing, which have for their aim the fullest possible measure of economic development of our country in the interests of providing a better standard of living and increasing the strength and security of our people.

As I said, if the provincial and municipal governments have to come to the federal government with their hats in hand asking for hand-outs, then they are not going to get very far. This government has shown time and time again that when such things happen they simply have no idea of the importance of the things the provincial governments are promoting. They do not seem to have any vision with regard to the future of these things which the provincial and municipal governments are doing. As a consequence they get into their hands the control of an unjust share of the revenue dollar available in this country, which they dole out to suit their own whims. As a consequence there is a slowing down of development, there is unfair development, development is retarded in one section and accelerated in another, as has already been said. If you are going to have anything like uniformity in development you must decide on a fairer and more just division of the revenue dollar among the different levels of government. When you do that sort of thing the provincial and municipal governments will go ahead and do the job without having to wait for handouts from the government of Canada.

It seems to me there is a third important thing which ought to enter into our plans for the future economic development of this country. I think we have to make an early start on a revision of our taxation structure so as to make it possible for three important things to happen. In the first place we must make it possible for domestic industry to compete successfully with foreign industry. Thus far our taxation structure has favoured alien industry to the detriment of Canadian

industry. How in the world can we ever become great, strong and secure under a system like that?

The second thing a revision of the taxation structure ought to achieve is to provide an opportunity for the average Canadian to build up savings so Canada can finance a greater share of her economic expansion and development out of Canadian funds. During the past year or two especially there has been a great deal said about the abnormal amount of money coming in from other countries for the development of Canadian resources and industry. I suppose under the circumstances and in the light of the great trade deficit we have with the United States each year it has been a godsend to have that investment coming in from the United States. No one can criticize the amount that comes in when you realize that we have a trade deficit of \$1.2 billion or \$1.3 billion each year with our neighbour to the south.

It seems to me that what we ought to be doing is getting at the root of our trouble. The people of this country have not been allowed thus far to build up a very substantial volume of savings out of which sufficient investment could take place to bring along our resources as they ought to be brought along.

We have to rely therefore on investment from other countries if we are going to get the development, and I say that at the earliest possible date we should examine this whole taxation structure to see what effects it has been having on individual savings and, therefore, on investments; and if we do that we shall at least make some progress. We in this group are putting forward the view that we would make the revision I have suggested, and see to it that there is opportunity for savings to be held by the Canadian public and gathered together in the aggregate to be invested in some acceptable form, as would be the case if the Canadian people did have that great aggregate of savings.

The third important thing which we feel should be achieved through the revision of the taxation structure is this. Canadian goods today are suffering a handicap in foreign markets because of the inordinate weight they carry by way of commodity taxation. The prices of many Canadian goods are forced up to the point where we cannot compete successfully with goods coming into Canada from foreign markets, or with foreign products in the markets of the world. We are bound to take this into consideration and correct it if we ever expect Canadian goods to compete successfully.

Thus our taxation review program would need to keep these three aims and objectives