

*Export Development Corporation*

require for their own development we in this party will be in complete agreement with that kind of approach, but only on those terms.

At the moment the government is going through a foreign policy. It is looking for a new role for Canadian foreign policy. Investment is part of a nation's foreign policy. We should be most careful to ensure that the investment policies we encourage are in harmony with the kind of foreign policy this country wants and thinks desirable for its future.

● (4:20 p.m.)

I find it very difficult to understand in what way the sending of investment dollars out of this country is really of any great assistance to Canada as a nation. The old imperialism was seldom of benefit and very often created problems with which a nation had to live for years and years afterwards, and there is a danger in investing outside our boundaries or encouraging investment outside our boundaries particularly when the argument is made that in Canada we are capital hungry. In effect we are suggesting by this bill that Canadians invest in other countries and that the vacuum in our country be filled by foreign investment.

The argument is heard repeatedly in the house that there is not enough investment for our own development. What then is the point in encouraging foreign investment under these circumstances? I have never accepted the argument that we really are capital short or capital hungry, but this is a point which is often made by other hon. members. So we are trading off Canadian capital. On the one hand, we are encouraging the outflow of our capital and, on the other hand, we are suggesting that the gap left be filled by foreign capital. We are already more dominated by foreign capital than any other country in the world.

What kind of sense does the policy this bill seeks to encourage make? I cannot see it. All of us are in favour of using some of our capital to help foreign countries. We can understand that argument. It will hurt Canada a little, but those countries need the investment far more than we need it here. We have an obligation as a part of the family of nations, and as human beings looking at the problems of other human beings, to assist and help. If that is the argument, then let it be stated in those terms and we can accept it in those terms. I find it difficult, however, to accept the argument that the export of capital

[Mr. Saltzman.]

from this country will in the long run benefit the people of Canada. I think it may very well create far more harm than benefit.

There seems to be a prevailing myth in the minds of the members of the cabinet that we must export and that our life depends on exports. Throughout our history there has been an emphasis on getting rid of our raw materials as rapidly as we can and on getting rid now of our manufactured goods as fast as we can. I believe that exports and imports should flow naturally rather than be artificially stimulated as they frequently have been in this country. The more we export, the more we import. I am not sure what the answer is, but I have some doubt concerning the conventional wisdom which seems to be so sure about the answer. To what extent do we really benefit by putting this tremendous emphasis on export? It creates as many disadvantages as advantages, and it makes us enormously vulnerable to what goes on in other parts of the world.

Because our exports are largely in semi-finished or raw materials we in effect trade off these goods for highly manufactured and highly finished goods which are the largest component in our imports. The minister says the provisions of this bill will increase our productivity. The implication is that if we export more a certain amount of rationalization will take place. There is some truth to this but it is a very small amount of truth. I say to the minister that we must do far more than merely encourage exports if we are to rationalize industry in Canada and make it as productive as it deserves and needs to be. Far more than this small measure is required. I am always worried when measures of this kind are presented to the house as being a panacea for deep-seated problems. I do not suggest that this small measure will not help in a way, but we should not think it is a very large part of the answer when in effect it cannot be that kind of an answer.

Why do people buy from other countries? They do so because those countries have a natural advantage in the production of both goods and services. We know there are distortions in markets, subsidies and various regulations which must be overcome, but by and large goods move back and forth between one nation and another because there is a comparative advantage elsewhere of which people wish to avail themselves. The bonusing of exports is part of the picture, but I suggest our chief concern should be to make Canadian industry efficient and productive. In order