

specific issues to our own views, that there was a general understanding on their part of the industrial and economic strategy that Finland has to follow. It was understood. It was known.

It was certainly obvious that they had decided at some stage of their career that their well-being depended upon the resources controlled by them being refined by Finnish hands. For example, not a piece of wood leaves Finland unless it is processed and refined to the nth degree, either in the form of fine paper, fine furniture or high quality building lumber which they are able to export at competitive prices to Canada, of all places, for the Toronto construction industry. Those competitive prices are paid for products produced by an industry which pays good wages.

● (1720)

However, this kind of activity may not be the kind our people want or need. We may be heading in completely the wrong direction and trying, as we often do, to catch up to what the Americans were trying to do 25 years ago.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Harney: I wonder if I may have another 38 seconds, Mr. Chairman?

The Assistant Deputy Chairman: Only with unanimous consent. Is this agreed?

Some hon. Members: Agreed.

The Assistant Deputy Chairman: I notice the hon. member asked for 38 seconds. I do not know if that is what he meant, but he is bound to that.

Mr. Harney: Mr. Chairman, I do not have a watch so it will be rather difficult to tell when my 38 seconds are up. I promised the committee a while ago I would refer briefly to a point made by the hon. member for Témiscamingue with regard to exports. He has a very good point. Another aspect of our industrial strategy which we should question very seriously is our single-minded devotion to the idea this country must export at all costs in order to survive and to thrive. I suggest very simply that that is a shibboleth, a doctrine which has been handed down to us without question from the days of the Montreal fur merchants. It was a good doctrine for them because they believed in it. They believed in it because it paid them very well.

I suggest very strongly that the best policy is one which concentrates on developing a strong internal economy. If you look at the nations of this world whose economies have a high quotient of exportation, you will often see the poorest nations of this world, whereas the nations of this world that have a rather low quotient of exportation as part of their economy are very often the wealthiest nations of this world. I see the Minister of Finance looking a bit surprised. He has never heard such heresy or, as he may call it, nonsense. Surely he will not believe that I am suggesting we should stop exporting. Obviously, we will want to export some of our surplus goods.

An hon. Member: Wheat.

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Mr. Harney: Particularly wheat in its most refined state, good rye whiskey. All I am suggesting, and I think it is rather important, is we should inspect these ancient mottos and beliefs, shift the concentration away and seek to produce a strong internal economy that will have as its prime and most important goal the satisfaction of the needs of the people of Canada.

Mr. Ritchie: Mr. Chairman, I wish to speak briefly on this legislation. Treating corporations in a widely different manner because they are manufacturing or processing as opposed to farming, transportation and the service industries is a very bad departure. I have discussed this matter with a good many economists and people in the business world. Even those in favour of the principle of reducing the corporate tax on manufacturing and processing industries as a means of helping our exports point out that this is a radical departure from what has been accepted as the usual. My understanding is that in the past all corporations have been taxed the same, regardless of whether they were a service industry, manufacturer, or whatever.

This raises a very interesting and unusual point. I think it will be a headache to administer. It will probably require a whole host of regulations. It will be difficult to determine what is a manufacturing industry, a processing industry or merely a retailing industry. With regard to agriculture, it seems peculiar that small implement manufacturers will have a tax advantage, but not a company which handles grain. This is a departure from the established rules and practice.

Rather than a corporate tax reduction for only the manufacturing and processing industries, we might well consider our own type of DISC proposal. After all, this present cut is for those involved in the internal market as well as those who export.

Mr. Nystrom: Will the hon. member entertain a question at this time? He is talking about the double standard. Is he advocating that the tax cut be extended to apply to not only manufacturing, but resource and service industries as well? I think that is the implication of what he is saying. I wonder whether I am clear on that point.

Mr. Ritchie: In answer to that, Mr. Chairman, I believe in being fair: if we have it for one, we should have it across the board. The hon. member represents a constituency similar to my own. I am sure he appreciates there is nothing in this measure for our particular constituencies.

An hon. Member: Vote against it.

Mr. Ritchie: It should be across the board or not at all. I suggest a DISC proposal of our own would be very useful. The lower tax rate will apply to those already making substantial profits, but will give no help to those companies which may well be exporting but do not make enough profits to take advantage of this. The American proposal seems to have an advantage. It is directly related to the performance of the company in the export field, whereas this is more or less related to a segment of industry regardless of whether it exports.

There is another area to which not much thought has been given. I refer to the effect on the regionalism of