

THE CANADIAN ECONOMY

FOREIGN INVESTMENT—INDICATION TO BUSINESS LEADERS OF GOVERNMENT THINKING ON SCREENING MECHANISM

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Prime Minister. At today's meeting with key Canadian business leaders is the Prime Minister going to outline the thinking of the government on the idea of a special screening mechanism, and canvass their views and suggestions regarding guidelines for such a mechanism?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the meeting has already taken place and this question did not arise.

INDICATION TO BUSINESS LEADERS OF WILLINGNESS TO AMEND COMPETITION AND LABOUR CODE BILLS—DISCUSSION OF PRICE AND WAGE CONTROLS

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, may I ask the Prime Minister whether the right hon. gentleman indicated to the business leaders that the government was willing to make changes in the competition bill act and in the bill to amend the Canada Labour Code?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I did not.

Mr. Lundrigan: A further supplementary question. Were there any discussions regarding price and wage controls, and can the Prime Minister indicate to the House what was the position of the government in these discussions?

Mr. Trudeau: That question was not brought up, Mr. Speaker.

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COMPETITION BILL

SUGGESTED WITHDRAWAL FOR REDRAFTING

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. In view of the royal shafting the minister received during his speaking engagements across the country, and particularly last Wednesday when he addressed businessmen in Edmonton, would the minister now withdraw the contentious competition bill and before redrafting it contact the business sector of Canada so that businessmen too may bring in some recommendations?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I spoke at a luncheon given by the Edmonton Chamber of Commerce and I thought received a good reception from a very intelligent audience there. Certainly they went away with the clear understanding that this was a proposed piece of legislation and that, in so far as they could show that it had practical difficulties, we on the government side had a very open mind and would listen to any comments or suggestions.

Mr. Speaker: Is the hon. member rising on a point of order?

Income Tax Act

Mr. Paproski: Mr. Speaker, my question was: Is the minister going to withdraw the bill before the end of the session and redraft it?

Mr. Basford: Mr. Speaker, the hon. member is so keenly interested in this subject that I thought he would have read my speeches on the subject since June 29, all of which have—

Mr. Speaker: Order, please. Perhaps this matter might be pursued tomorrow. Orders of the day.

• (3:00 p.m.)

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Friday, November 19, consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Honey in the chair.

The Chairman: Order. In accordance with the statement of the Parliamentary Secretary to the President of the Privy Council as recorded at page 9677 of *Hansard* for November 18, 1971, the committee will now proceed to sections 2, 17, 56 and 58 inclusive, 90 to 95 inclusive, 113 to 116 inclusive, 126, 133, 134, 212, 219 and 257 dealing with international income. I must bring to the attention of the committee that sections 56, 57, 58 and 126 have already been agreed to.

On Clause 1—Section 2: *Tax payable by persons resident in Canada.*

Mr. Ritchie: Mr. Chairman, the provisions relating to the taxation of foreign source income set out in the bill to amend the Income Tax Act introduced by the Minister of Finance (Mr. Benson) differ very little from the corresponding proposals set out in his 1969 white paper. In that document the government put forward the following position:

The over-all thrust of Canada's present provisions for taxing the Canadian income of non-residents is generally regarded as reasonable.

The changes envisaged in Bill C-259 involve a number of structural changes in the treatment of foreign source income of Canadian residents. The two broad concepts remain: taxing Canadians on their world-wide income and the granting of relief in respect of foreign taxes. What is the importance of this? I think it is self-evident because in 1970 Canada received \$513 million in interest and dividends on foreign holdings which was a 74 per cent increase over the 1967 revenue of \$295 million. In 1967, Canadian direct investments abroad represented a book value of \$4 billion out of total long-term investments with a book value of \$8 billion. Canadian direct investment abroad in 1970 was \$215 million exclusive of undistributed profits. So, it can be seen that this is an extremely important part of the proposed tax changes.