

*Supply—Finance*

shortfall in revenues. He blamed the lack of capital investment, but the point of the matter is that the whole oil industry was led into this position because the investment which has taken place was inspired by the inequitable tax system. Sooner or later the day of reckoning had to arrive, and it has arrived.

We have also called for a floating exchange rate. We are not saying we should have a floating exchange rate in this country because we want to isolate ourselves from what is going on in the world. We are not saying, let us look after ourselves and let the rest of the world look after themselves. I think a floating exchange rate would benefit Canada and would certainly benefit the United States as well in many ways. They would then not have to worry about whether or not the earnings on their dollars could remain in Canada. I think it makes sense for a country like Canada to have a floating exchange rate. I believe this position is endorsed by many of the leading economists in this country, particularly since we are, as the minister himself has said, one of the most vulnerable economies in the world.

I want to take a moment to deal with the question of a vulnerable and open economy. There is no basic reason why Canada has to have this kind of vulnerable and open economy. It is true we have benefited to a considerable extent from our willingness to admit capital, to admit investors into Canada. However, surely we could have obtained all these benefits and perhaps more with some kind of regulation, some kind of discretion as to the use of capital which entered Canada.

We have only to look at a country like Japan, whose growth has been much greater than Canada's, to see how policies designed to control the use of foreign capital coming into a country have worked. Japan says to the outside investor: We are delighted to have you here but we expect you to behave as a citizen of this country and to use your capital under terms which we consider to be in the best interests of our nation rather than the best interests of your nation. I think we have a right to ask this of foreign investors in this country; I think we have a right to ask this of our own investors in Canada.

We have pointed out also the difficulties created in terms of fiscal management in this country as a result of our commitment to the United States to hold reserves at a certain amount. I believe that we should get out of that commitment as rapidly as we possibly can.

[Mr. Saltzman.]

We have repeatedly asked that the recommendations of the Carter commission be implemented. Members on the government side, in an effort to embarrass our party, have asked us if we want to implement all the recommendations. There are some recommendations in that report that would have effects with which we are not entirely in agreement. However, we think the Carter commission proposals, as a package, are of such overriding benefit to this country that we are prepared to take some of the disadvantages inherent in the report in order to gain the much greater advantages which the report would provide for Canadians. It would create a more equitable tax system than we have now. It would make for a better allocation of resources. It would make everyone in this country bear his full share of the operating costs of running a country like Canada rather than have the burden of taxation fall too heavily on the shoulders of the low and middle income groups. There is no reason why insurance companies should not carry their share, or mining companies or oil companies.

Recently the Watkins report was tabled in the house, and I think it is a great report. It is not a very radical report but it goes a considerable distance in pointing out the difficulties that have been created by foreign investment in Canada. I would have thought the government would implement that report immediately and would indicate its support for many of its recommendations. I should like to say on behalf of myself and many of my colleagues that we support the Watkins report. We think it is a good report. We urge the government to accept some of the major recommendations in that report.

Certainly the government should move rapidly to implement the Canada Development Corporation. They should move to ensure that disclosure by corporations is made mandatory. Then we could have a look at what is going on and the effects these corporations have on the Canadian economy. I believe the government should move rapidly to establish a trading corporation to ensure that those nations in the world that wish to trade with Canada are given an opportunity of trading on the basis of commercial transactions alone rather than being frustrated by having another country's foreign policy imposed on Canadian manufacturers.

We have asked the Minister of Finance—I hope he will excuse this expression—to get