

Senator CROLL: I know it is true of Britain. You say it is true also of the United States?

Mr. FLYNN: There is a 4 per cent relief there, I understand.

Senator HUGESSEN: It just came into force two years ago, isn't that right.

Mr. FLYNN: Yes.

In Japan, Belgium, Germany and Switzerland the tax credits allowed to individual shareholders are at a higher rate than the 20 per cent allowed in Canada, while in the United Kingdom dividends from corporations are not subject to duplicate income tax.

57. Canada, faced with its disadvantages of small population and high wages, must have lower tax rates than its larger competitors. This is a basic necessity since taxes are among our highest costs. Our present tax laws have the effect of depriving Canadians of savings and thereby force us to rely for capital on foreign investors. Our paramount need is for tax laws that will build up Canada.

58. In particular, our recommendations in the taxation field are designed to reduce costs and to encourage savings for investment in Canadian industry. As stated earlier, technological development must be the continuing aim of a growing country such as Canada.

"Buy Canadian"

59. Individual Canadians, whether they be management, labour or government employees, or whether they be part of the labour force at all, can influence the course of employment opportunities in Canada by the thoughtful exercise of "Buy Canadian" principles in their everyday purchases. Increase in buying in the home market is essential to increase the number of jobs. The Canadian Manufacturers' Association has intensified this programme to impress upon purchasers the importance of expressing an effective preference for Canadian products and services over imported ones, providing the overriding considerations of price and quality are comparable. The Association is doing everything possible to place this important message before the Canadian public, emphasizing that this is not an emotional appeal but entirely a matter of direct self interest and Canadian jobs. It does not urge uneconomical purchasing habits, but makes it clear that the principle is subject to the consideration of good value in relation to price.

60. Members of the Association and other business organizations are constantly being supplied with detailed information and suggestions on the reasons and methods of effective participation in the programme and are themselves assisting by publicizing and practising "Buy Canadian" principles.

61. The "Buy Canadian" principle has particular significance in federal Government purchasing which, in itself and by its example, exerts an important influence on the market for manufactured goods. It is logical that this principle should be espoused unreservedly by Government whose purchases are not motivated by personal tastes and preferences, and whose tax revenues benefit when purchasing is directed into domestic channels which "Keep Canadians Working".

62. It is urged that every department of Government, every federal Government agency, board and commission, and every crown corporation should be instructed to "Buy Canadian" in its purchases and in its contracts for production, construction and services. It is recognized that, to a considerable extent, this is already the policy of the Canadian Government but its effective implementation demands more vigilance to ensure compliance by sub-contractors, as well as main contractors, and by all those who have responsibility for drawing up purchase specifications. In other words, the specifier must receive the word from the top.